

Head 262 - Matara District Secretariat - 2024

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Head 262 - Matara 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 Matara District Secretariat was issued to the Chief Accounting Officer on 29 May 2025 in terms of Section 11(1) of the National Audit Act, No.19 of 2018. The Annual Detailed Management Audit Report relevant to the District Secretariat was issued to the Chief Accounting Officer on 27 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 of the Matara District Secretariat as at 31 December 2024 give a true and fair view on the financial position and its financial performance and cash flows and on all the material respects in compliance with the basis of preparation of the financial statements set out in Note 01 related to the financial statements.

1.2 Basis for Qualified Opinion

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

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibility for the financial statements is further described in the Auditor's Responsibilities Section. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

1.3 Emphasis of Matter - Basis of Preparation of Financial Statements

I draw attention to Note 1 to the financial statements which describes the basis of preparation of these financial statements. The financial statements have been prepared for the use of the Matara District Secretariat, General Treasury and Parliament in accordance with the Financial Regulations 150 and 151 and Public Accounts Guideline No. 06/2024 dated 16 December 2024 as amended on 21 February 2025. Therefore, these financial statements may not be suitable for other purposes. My report is intended only for the use of the Matara District Secretariat, General Treasury and 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 Chief Accounting Officer is responsible for preparing financial statements that give a true and fair view in all material respects in accordance with Financial Regulations 150 and 151 and Public Accounts Guidelines No. 06/2024 dated 16 December 2024 as amended on 21 February 2025, and for determining such internal control as is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

1.5 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 judgement and maintain professional scepticism 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.
- Obtain 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 District Secretariat's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

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

1.6 Comment on the Financial Statements

1.6.1 Accounting Deficiencies

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) At the end of the year under review, the total assets were understated due to the non-inclusion of a double cab vehicle and a three-wheeler with a total market value of Rs.6,400,000.	It is stated that after discussions with the Ministry of Public Administration and obtaining official approval, those fixed assets will be included in the preparation of the accounts for the year 2025.	Urgent action should be taken to properly value the relevant assets and include them in the financial statements.
(b) Land totaling 13.183 hectares and 05 buildings totaling 8,256 square meters belonging to 05 Divisional Secretariats had not been assessed and accounted for.	It is stated that the lands belonging to 5 Divisional Secretariats and the buildings belonging to 4 Divisional Secretariats have not been assessed yet and that necessary actions will be taken to complete the assessment of at least a portion of these properties in the year 2025.	These lands and buildings should be valued and included in the accounts using an expedited process.
(c) The register of government lands in the Matara, Weligama and Kamburupitiya Divisional Secretariat areas had not been prepared. This made it difficult to perform the functions and manage the lands properly in accordance with Regulation 180 of Ordinance No. 08 of 1947.	Efforts are being made to identify and prepare a register of government lands according to their zones, and legal action has been taken against unauthorized seizures, and efforts are also being made to inform relevant institutions about the unauthorized use of lands owned by institutions such as irrigation, coastal, road and forest reserves.	The preparation of the land register for the relevant Divisional Secretariat areas should be completed promptly and it should be included in the action plan.

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 following recommendations made by me on the financial statements of the preceding year had been implemented.

3. Financial Review

3.1 Management of Expenditure

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) Provisions ranging from 5.5 percent to 100 percent of the total net provision were remained unutilized in relation to 19 recurrent expenditure codes, while provisions ranging from 6 percent to 72 percent of the total net provision were remained unutilized in relation to 05 capital expenditure codes.	That the audit observation has been accepted	Estimates should be prepared as accurately as possible, progress should be reviewed periodically, and a plan should be implemented to take appropriate action in the event of poor performance.
(b) Due to the insufficient estimated allocation of 08 expenditure codes, the expenditure was incurred by transferring allocations ranging from 2 to 113 percent from 12 other expenditure codes, and due to the non-utilization of the estimated allocations of 07 other expenditure codes, the allocations ranging from 01 to 12 percent of the allocations were transferred to other expenditure codes.	That the audit observation has been accepted	- Do -
(c) Due to delays in acquiring lands for the implementation of 05 different projects under Section 38 "A" of the Land Acquisition Act No. 09 of 1950, an interest amounting to Rs. 760,857,627 had to be paid. Furthermore, since the relevant lands had not been utilized for the purposes of acquiring them, the relevant expenses had become wasteful expenses.	It is acknowledged that the main purpose of land acquisition has become difficult to achieve due to the changing objectives of the institutions.	A formal investigation should be conducted and appropriate action should be taken against the parties responsible for the delay, compensation investigations should be expedited, statutory compensation should be released promptly, and the

lands acquired by now should be used for the relevant purpose for which they were acquired.

3.2 Utilization of Provisions made available by other Ministries and Departments

	Audit Observation	Comments of the Accounting Officer	Recommendation
(a)	During the year under review, out of the total allocations of Rs.111,181,222 received by the District Secretariat from 14 Ministries, 11 Departments and 02 other institutions, only Rs.81,779,610 had been spent, and therefore a total of Rs.29,401,612 or 26 percent of the total allocations received had not been utilized.	This was due to the fact that some provisions were not appropriated due to cancellation, some provisions were provided near the end of the year, resulting in insufficient time to incur expenses and carry out procurement activities, and delays in obtaining circulars and approvals.	Coordination should be established between ministries, departments or institutions and a formal program should be prepared so that the funds can be used to the maximum extent for the intended purposes.
(b)	The Domestic Goat Breeding Program implemented by the Rural Economic Division of the Ministry of Agriculture with the aim and objectives of uplifting the livelihood of the people living in rural areas had allocated Rs. 4,410,150 and 192 goats had been distributed to 64 beneficiaries in 16 Divisional Secretariat areas. It was observed during the audit that due to various factors, the objectives and targets of the project could not be achieved effectively.	Such practical situations arise when implementing livelihood projects.	In this regard, efforts should be made to add value to the expenditure incurred through formal and appropriate follow-up methodologies.
(c)	Under the provisions of Ministry of Environment, under the environmental conservation programs through the promotion of green entrepreneurs, Rs. 6,075,000 had been paid to 21 beneficiaries in 14 Divisional Secretariat areas for planting trees and food crops suitable for the needs of the area,	This was due to the economic crisis and the COVID-19 pandemic in 2021/2022, which prevented beneficiaries from working as agreed, and the heavy rains in 2023/2024, which destroyed the plants.	Actions should be taken to obtain a progress in the project by introducing a formal follow-up process.

underutilized fruit plants, grafted fruit plants and tree nurseries that can increase forest cover. The beneficiaries had aimed to produce and release 345,000 plants into the environment within 03 years, but the number of plants produced was 176,969 or 51 percent of the expected number of plants, thus the objectives of the project could not be achieved effectively.

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| <p>(d)</p> | <p>In accordance with the circular number DFD/2004-1 dated 04 April 2024 of the Secretary to the Ministry of Finance, Economic Stabilization and National Policies, 16 Divisional Secretariats in the Matara District had purchased 2,579,400 kilograms of rice in 2 phases for the provision of rice to low-income families. The government had incurred a financial loss of Rs. 54,540,680 due to the purchase of 01 kilogram of rice at a price of Rs.186, disregarding the retail prices prevailing in the market at that time, which were between Rs. 150 and 165 per kilogram of rice.</p> | <p>It has been stated that the purchase of rice was carried out in accordance with the decisions taken during the online discussion held by the Department of Development Finance, the Department of Social Services and the Ministry of Home Affairs and at the guaranteed price.</p> | <p>A formal investigation should be conducted to determine the losses incurred to the government due to lack of due diligence in financial transactions and actions should be taken to recover them from the responsible parties.</p> |
| <p>(e)</p> | <p>Although a total of Rs.1,527,080 had been spent on 78 beneficiaries selected by the Weligama and Akuressa Divisional Secretariats under the project to create one rural industry entrepreneur per Grama Niladhari Division under the provisions of the State Ministry of Rattan, Brass, Clay, Wood and Rural Industries Development, 25 of the beneficiaries had not acted as active entrepreneurs, thus the objectives and goals of the project could not be achieved effectively.</p> | <p>This equipment was provided to the most suitable individuals, and the Science and Technology Officer and the Divisional Economic Development Officer are constantly monitoring the selected entrepreneurs, and the Divisional Secretariat has planned to conduct regular monitoring by asking those officers about their monthly progress.</p> | <p>To increase the success of this project, a formal follow-up process should be implemented, and future projects of this kind should be initiated with a good plan and implemented under proper supervision.</p> |

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| (f) | <p>The Samurdhi and 2 lacks of low-income families-focused comprehensive household residential economy program implemented under the provisions of the Department of Samurdhi Development, It was observed that the equipment provided to 62 beneficiaries in the Matara, Akuressa and Weligama Divisional Secretariats at a cost of Rs.2,001,310 from the government had been left idle and dilapidated for a long time without being used for the intended purpose.</p> | <p>Plans have been made for the use of this equipment.</p> | <p>A formal investigation should be conducted and action should be taken against officials who failed to select beneficiaries and follow up, and a formal mechanism should be established for selecting beneficiaries, monitoring and following up to avoid such situations.</p> |
| (g) | <p>A total of Rs. 1,852,020 was spent on a program that was not included in the 05 areas proposed for improving educational facilities in the Presidential Secretariat's Guidelines Circular for the implementation of the "Ten fold Mountains Decade 2024 - 2033" Special Integrated Rural Development Program, namely the purchase of 43-inch Smart TVs for 18 pre-schools, and as a result, the expected targets of the Multidimensional Poverty Index, which was the objective of the project, could not be achieved.</p> | <p>As pointed out by Early Childhood Development Officers, it has been emphasized that a modern and successful teaching process can be implemented using smart TVs and internet facilities. Therefore, a follow-up process has been carried out on the results obtained from the use of these devices and instructions have been given to the relevant departments to take necessary measures to translate it into a formal teaching methodology.</p> | <p>A formal investigation should be conducted, action should be taken against officials who have incurred expenses for areas outside the intended purpose, and a program should be introduced to prevent such situations in the future.</p> |
| (h) | <p>A total of Rs. 5,000,000 had been paid to a supplier for the construction of greenhouses for 05 beneficiaries under a greenhouse construction loan scheme for which approval had not been granted by the Samurdhi Division of the Pitabeddara Divisional Secretariat. However, the loan was released to the supplier without any sufficient evidence to release the funds for the relevant constructions, and since the objectives of the beneficiaries had</p> | <p>A project report has been prepared and training has been provided to 05 beneficiaries to construct greenhouses by giving 10 Laks each under the self-employment loan scheme. When issuing the loan, vouchers were signed by the relevant beneficiaries and given to the relevant institution. Samurdhi Bank does not refer loans to a</p> | <p>Formal action should be taken against officers who implemented loan schemes outside of their duties in accordance with the rules, regulations and instructions, a program should be implemented to recover the loans, and internal controls should be established to prevent such situations in the future.</p> |

not been achieved, a total outstanding loan balance of Rs. 4,184,500 was still due, due to default in loan installment payments.

technical committee when issuing loans, but rather issues them under the supervision of the Samurdhi Bank manager.

3.3 Certification of Accounting Officer

Accounting Officer should certify the following matters in terms of provisions set out in Section 38 of the National Audit Act, No. 19 of 2018. However, it had not been so done.

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) The Accounting Officer should ensure that an effective internal control system is developed and maintained for the financial control of the District Secretariat and that the effectiveness of that system should be reviewed from time to time and necessary changes should be made accordingly to make the system effective. Those reviews should be made in writing and a copy should be submitted to the Auditor General but there was no report that such reviews were conducted.	It is stated that a review of the existing systems indicated by the audit will be conducted and submitted with its reports when submitting the financial statements for the year 2025.	A reporting methodology to the Auditor General should be developed in accordance with the provisions of Section 38 of the National Audit Act, No. 19 of 2018.
(b) The Chief Accounting Officer and the Accounting Officer shall ensure that all audit queries be answered within the specified time as required by the Auditor General. However, in terms of paragraph 4.5 of the summary report, audit queries had not been answered.	We will ensure that we submit the required replies in accordance with Section 38 of the National Audit Act, No. 19 of 2018, whenever possible.	The Accounting Officer shall be personally accountable for acting in terms of provisions of Section 38 of the National Audit Act, No. 19 of 2018.

3.4 Non-compliance with Laws, Rules and Regulations

	Reference to laws, rules and regulations	Observation Non-compliance	Comments of the Accounting Officer	Recommendation
(a)	Section 11(2) of the National Audit Act, No. 19 of 2018	The proposed remedial actions or actions taken under consideration should be reported to the Auditor General within 03 months from the date of the annual detailed management audit report issued for the years 2022 and 2023, but action had not been taken to comply with that.	Attention will be paid regarding this matter in the future and necessary measures will be taken.	Action should be taken in accordance with the provisions of the Act and should be reported promptly to the Auditor General.
(b)	Government Land Aquisition Act No. 07 of 1979	A total of 74.98 perches of land in the Matara and Kamburupitiya Divisional Secretariats were illegally cultivated with rubber, but actions had not been taken to recovery of possession.	Surveying requests have been submitted and the necessary actions will be taken later.	Relevant survey work and future work should be carried out promptly and the aquisition of unauthorized lands should be reclaimed.
(c)	Apartment Ownership (Special Provisions) Act No. 23 Of 2018	The registration and issuance of grant papers for the 28 housing units of the Kandapamulawatte Tsunami Housing Complex in the Weligama Divisional Secretariat, which was constructed as a 4-storey apartment building and handed over to the beneficiaries in 2007, was to be completed by 14 August 2023. However, even at the end of the year under review, the project had not been registered as a condominium property and formal deeds had not been prepared and given to the beneficiaries.	It has been impossible to transfer these buildings to the condominium management authority and provide grant pappers to the housing beneficiaries.	Actions should be taken to register the condominium as a property and prepare formal deeds to the housing beneficiaries and provide them promptly.

(d) Public
Administration
Circulars

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| (i) | Circular No. 18/2001 dated 22 August 2001 | It was observed that 646 officers from 8 Divisional Secretariats namely Akuressa, Kamburupitiya, Kotapola, Matara, Mulatiyana, Pasgoda, Thihagoda and Weligama have remained in the same workplace for between 1 and 25 years without transferring, exceeding the 5-year period. | I will prepare a transfer policy internally and take actions to transfer officers with more than 05 years of service within and outside the division. | A transfer policy should be formulated immediately and transfers should be implemented in accordance with the circular provisions. |
| (ii) | Circular 05/2018(1) dated 24 January 2018 | The District Secretariat had not prepared procedures for supervising and evaluating the preparation and implementation of the Citizen Client Charter. | The Citizen Client Charter has been prepared and finalized by now, and a methodology will be developed and implemented in the future for monitoring and evaluating these activities. | The District Secretary and Divisional Secretaries should personally monitor the implementation of the Charter to provide maximum efficient service to clients, and a methodology should be developed for that. |
| (iii) | Letters No. HA/DA27/12 dated 21.03.2006, 12.06.2009 and Circular No. HAF-01/14/පො.සේ.නි./26 dated 05 October 2012 | It was mandatory for Divisional Secretaries to reside in their divisional official residence, but the Weligama Divisional Secretary had not been residing in the official residence. Accordingly, the Divisional Secretary's scheduled residence, which had been constructed in year 2007 at a cost of Rs. 3,922,000, and the fixed assets worth Rs. 129,000 therein, had been idle for a period of 03 years and 06 months from 30 June 2021 to the date of audit. | Since the official residence is not in a condition of use, no officer is willing to reside in that official residence and the necessary funds have been released to carry out the repairs at present. | The relevant repairs should be carried out promptly and the official residence should be handed over to the Divisional Secretary for occupancy. |

(iv)	Do	The scheduled house which was allocated to the Divisional Secretary owned to the Pasgoda Divisional Secretariat and 2 out of the 4 non-scheduled government houses remained idle.	The scheduled houses were not being used due to the absence of a permanent Divisional Secretary. The non-scheduled houses were in a very old condition and the sanitary facilities were in need of repair, so the idleness of the houses was beyond our control.	The relevant houses should be utilized in accordance with the regulations and circulars.
(e)	Public Finance Circulars			
(i)	Paragraph 03 of Circular No. 02/2020 dated 28 August 2020	The action plan for the year 2024 was supposed to be approved before December 15 of that year, but it was prepared 37 days late from that date and forwarded to the Ministry of Public Administration, Home Affairs, Provincial Councils and Local Government, but approval had not been received.	I would like to kindly inform you that the Planning Division will prepare an annual action plan to rectify this situation in the future.	The Accounting Officer should prepare an action plan for the coming year in accordance with the provisions of the circular, approve it before the due date, implement it and review the progress.
(ii)	Paragraph 04	The annual procurement plan had not been prepared before December 10 of the reporting year, the approval of the Chief Accounting Officer had been obtained for it, and copies of it had not been submitted to the National Procurement Commission, the Auditor General and the Department of Public Finance.	It is stated that this delay has occurred because the procurement plan is prepared after the approval of the appropriation bill and that although it has been referred to the Ministry of Public Administration and Home Affairs for the relevant approval, the relevant approval has not yet been granted.	The procurement plan for the coming year should be approved in accordance with the circular and copies should be submitted to the relevant institutions.

(f)	Guideline 9.8 of the Government Procurement Guidelines	The 16 Divisional Secretariats, including the Matara District Secretariat, had not implemented the electronic government procurement system (e-GP).	Necessary measures will be taken to implement e-government procurement in the future.	The electronic government procurement system (e-GP) should be adopted from next year onwards.
(g)	Section 02 of the Commissioner General of Lands' Circular No. 2021/05 dated 20 July 2021 and Circular No. 2008/4(1)	15 tsunami houses were enjoyed by non-beneficiary parties, but the responsible officials had failed to take action against them in accordance with the rules and regulations.	It is stated that actions are being taken to take appropriate measures to conduct land court and grant land ownership as per the circular of the Commissioner General of Lands dated 05/2021.	Appropriate disciplinary action should be taken against officers who have neglected their responsibilities, and formal action should be taken against unauthorized occupants.
(h)	Paragraph 03 (d) and Paragraph 07 of Circular No. 03/2022 of the Director General of Pensions dated 10 June 2022	13 Divisional Secretariats had not acted in accordance with the said circular in paying pensions, and Rs.9,415,350 of the overpaid pension was to be recovered by 31 December 2024.	As indicated by the audit, the Divisional Secretariats that have paid out excess pensions are gradually recovering the money.	If there has been any abuse, formal investigations should be conducted and appropriate action should be taken against the relevant officials, other overpayments should be promptly recovered, and internal controls related to pension payments should be strengthened.

3.5 Deposits

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) As at 31 December of the year under review, there were 37 deposit balances older than 2 years, totalling Rs.5,870,922, out of which 14 balances worth a total of Rs.3,460,374 were older than 5 years. The necessary actions had not been taken in this regard as per Financial Regulation 571.	The audit observation has been accepted.	Overdue deposit balances should be dealt with promptly in accordance with Financial Regulation 571.

3.6 Issuance and Settlement of Advances

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) In terms of Financial Regulation 371(5), after the issuance of a sub imprest, the sub imprest should be repaid within 10 days of the completion of the relevant work, but there was a delay of between 13 and 269 days in settling the sub imprest amounting to Rs. 440,972 issued to officers in 18 cases.	The relevant officials have been informed to pay close attention to this matter in the future and settle the sub imprest.	Formal action should be taken against the relevant officials regarding the non-payment of advances as scheduled and implement a program to ensure that sub imprest are paid within the specified number of days in accordance with Financial Regulation 371(5).

4. Operational Review

4.1 Non-achievement of expected Output Level

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) Under the Tenfold Mountain Decade 2024-2033 special Integrated Rural Development Program, 42,440 cinnamon plants were provided to 51 beneficiaries in 08 Grama Niladhari Divisions of the Pasgoda Divisional Secretariat Division, out of which 11,435 cinnamon plants provided to 23 beneficiaries were not planted in the field, and the Rs.285,875 spent on it had been wasted.	It was reported that there was a delay in planting the cinnamon plants as the land had to be prepared and planted again due to heavy rainfall at the time the cinnamon plants were distributed to the beneficiaries.	A formal program should be developed, monitoring and follow-up should be carried out, and necessary actions should be taken promptly to achieve the project objectives.
(b) It was observed that according to the Road Development Authority's laboratory quality reports that the paving stones laid on the road under the project to develop the road from Batukithala to Govipala by the Kotapola Divisional Secretariat did not have the required compressive strength. Accordingly, it was observed that Rs. 797,098 paid to the contractor under work item number 05 had been irregularly and wastefully spent.	At the time of the audit, 03 block stones of this road were sent for inspection. The block stones that were removed were discolored, and 02 of those block stones had a strength of less than 25KN. Such weak stones will be removed and the road will be re-paved by the contractor using suitable block stones.	The weak stones should be removed and the road should be resurfaced by the contractor using suitable stones for that, and measures should be introduced to prevent such situations from occurring in the future.

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| (c) | It was observed that 78 meters out of the total length of 137 meters of the road completed under the project to develop the dilapidated section of the Nissankapura main road in the Kotapola Divisional Secretariat, that was 57 percent of the total length of the road, were not up to the required standards. Independent technical field inspections and laboratory quality tests had not been carried out in this regard and the reports and evidence in this regard had not been submitted for audit. | In accordance with the findings of the audit, discussions were held over the phone with the District Engineer to take further action to correct the above project, and an on-site inspection will be conducted and the necessary further action will be taken in the future. | The relevant correction should be made promptly, and if an irregularity has occurred, a formal investigation should be conducted and appropriate action should be taken against the responsible parties. |
| (d) | During the construction of a gabion side wall in the Akuressa Divisional Secretariat Division under the Mountain Decade Program at a cost of Rs.1,310,513, it was observed that due to the failure to use the required size of stones for the side wall, voids were created inside the gabion boxes and the gabion boxes protruded forward, which reduced the strengthness of the wall. Furthermore, the contractor had subcontracted the project irregularly without complying with 7.8.4 (ඒ) of the Procurement Guidelines. | An independent investigation board has been appointed to conduct an independent investigation into this matter, and the report of the investigation board will be submitted for audit in the future. | A formal inspection should be conducted to obtain a confirmation of the standard and strengthness of the side wall, and based on that, formal action should be taken regarding the structure and relevant parties, and appropriate action should be taken regarding the award of subcontracts. |

4.2 Projects abandoned without completing

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) 12 projects, which had been started on the basis of the allocations received by the Kotapola Divisional Secretariat totaling Rs. 2,775,000, had been abandoned midway and the total amount spent on them by the end of the year under review was Rs.1,663,014.	Despite receiving provisions under the Mountain Decade Program and the Decentralized Budget Program, these 12 projects have not been completed.	A formal investigation should be conducted into the abandonment of projects, and the possibilities of using abandoned projects for other suitable purposes should be urgently studied and necessary action should be taken.

4.3 Projects without Progress despite the release of Money

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) While 12 Divisional Secretariats had received a total of Rs.33,751,479 for the implementation of 73 projects under the Mountain Decade Program and the Decentralized Budget Program, as none of the relevant projects had been implemented by 31 December 2024, the public welfare that could have been achieved through the implementation of the relevant projects had been lost.	Due to various problems that arose during the implementation of projects in each Divisional Secretariat Division, it was not possible to implement them.	Necessary measures should be taken to utilize the provisions with maximum efficiency at every stage of a project.

4.4 Procurements

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) When purchasing tires, baffles, printers and toners, the Matara, Thihagoda and Kotapola Divisional Secretariats had rejected the suppliers who had submitted the lowest prices in accordance with the specifications and based on various assumptions made after submitting the prices, they had paid a total of Rs.362,688 more when purchasing the relevant goods from suppliers who had submitted higher prices.	It is stated that actions will be taken to obtain recommendations from the Technical Evaluation Committee for this evaluation process in the future.	The procurement guidelines should be followed, and a formal investigation should be conducted to recover the overpayment from the responsible parties.
(b) Under the “Ten fold Mountains Decade 2024 – 2033” Special Integrated Rural Development Program, the Kotapola Divisional Secretariat had not complied with section 2.6 of Procurement guidelines of the Democratic Socialist Republic of Sri Lanka 2006 and rejected the prices of substantially responsive suppliers	The relevant products have been purchased based on reasons such as high quality, durability, strengthness and ease of use, high standard, non-rusting, and high finish, which have gained high acceptance and a trusted brand name in the market.	- Do -

while purchasing Smart TVs, steel cupboards and wardrobes for pre-schools and schools and The government had incurred losses by paying a total of Rs.570,967 more when purchasing the relevant goods from suppliers who had offered higher prices based on various assumptions made later.

4.5 Assets Management

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) The three-wheeler, which is in need of repair and is owned by the Matara District Secretariat, has been lying unused and condemned in the District Secretariat premises since 27 September 2022.	Answers were not given.	This vehicle should be repaired and put into use or disposed of properly.
(b) At the Pitabeddara Divisional Secretariat, 02 photocopy machines, which were identified as needing repair during the stock survey from the year 2022, costing Rs.292,650, Actions had not been taken to repair and put into use. However, Rs. 28,910 had been paid in the year under review for the renewal of the annual service contract of one machine.	According to the annual service agreement, the KYOCERA machine, for which Rs. 28,910/- was paid, has been given to the Human Resources Division and since it is more profitable for the institution to purchase a new machine than to repair the CANON machine, this machine will be submitted for the 2025 stock survey and necessary actions will be taken to dispose of it in the future.	If it is effective to repair and use these machines, then action should be taken to do so, and unnecessary maintenance costs should not be incurred.
(c) The Kotapola Divisional Secretary's official residence, which had not been used as the residence of the Divisional Secretary from 11 October 2021 to the end of the year under review, was renovated in the year 2024 at a cost of Rs.541,495.	It is stated that the Divisional Secretary did not reside in the official residence full-time as he resided in a place very close to the Divisional Secretariat and was easily accessible. Since	Government property should be utilized prudently and necessary maintenance should be carried out.

renovation work was carried out, that official residence is currently being used without further renovation.

4.6 Losses and Damage

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) 02 damages and losses amounting to Rs. 165,346 that had occurred in 02 Divisional Secretariats in the year 2024 were not disclosed under the damages and losses to be further processed under Annexure 01 of the financial statements, and 03 vehicle accidents that had occurred in 03 Divisional Secretariats had not been assessed and relevant actions had not been taken by 31 December of the year under review.	As pointed out by the audit, the two loss and damage incidents amounting to Rs.165,346 relating to two Divisional Secretariats were not reported during the preparation of the financial statements and therefore have not been included in the financial statements, and the losses relating to the vehicles have been reimbursed from the National Insurance Trust Fund, and a committee has been appointed to prepare the final report under F.R 104(4).	In relations to vehicle accidents, should be dealt with in accordance with financial regulations and properly reported in the financial statements.
(b) An test was conducted under Financial Regulation 104(3) regarding the misplacement of a water motor with a foot valve at the Matara Divisional Secretariat and an investigation was also conducted on 04 December 2023, but further action was not taken in accordance with Financial Regulation 104(4).	The accounts branch has received the final report regarding this missing water motor by now and it has been able to write it off from the books.	Action should be taken promptly in accordance with Financial Regulation 104(4), and necessary actions should be taken regarding the security of assets to prevent such incidents in the future.

4.7 Failure to reply Audit Queries

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) 50 audit queries submitted to the District Secretariat during the year under review had not been answered by 27 May 2025 and the value of the transactions calculated in relation to those queries was Rs. 64,197,761.	It is acknowledged that replies to audit queries issued by the Auditor General should be provided within a specific time frame.	Replies should be provided on the due date in accordance with the provisions of the National Audit Act, No. 19 of 2018. The Accounting Officer should be prepared a formal program in this regard and reported to the Audit, and should be personally supervised this work.

4.8 Management Weaknesses

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) No action had been taken so far to prepare grant pappers and hand over houses to 56 house beneficiaries who have been residing in the 10 tsunami complex houses constructed in the Matara Divisional Secretariat area for 20 years.	Tsunami houses - Out of these 56 houses, 22 are condominiums. The other houses have been referred to the Commissioner General of Lands to prepare grant papers. Actions are being taken preparing deeds for all 56 houses will be carried out after discussions with the relevant institutions.	Formal actions should be taken against the parties concerned for delaying the completion of the work, and actions should be taken to promptly prepare and distribute the deeds to the beneficiaries, and this should be included in a specific action plan.
(b) While 4 telephone companies have constructed 04 telephone transmission towers on 04 plots of 75 perches of government land belonging to 04 domains in the Mulatiyana Divisional Secretariat area and are enjoying the land, the commencement of work to grant the relevant lands on long-term lease basis has been delayed for between 14 and 20 years. Also, since 10 long-term lease files have not been approved by the Commissioner General of Lands	As indicated by the audit, action will be taken to collect long-term lease after obtaining the approval of the 10 long-term lease files that had not yet been approved by the Commissioner General of Lands.	A formal inspection should be conducted and action should be taken against officials who have not acted in a timely manner, and an urgent program should be developed to obtain the relevant approvals promptly, prepare long-term leases, and collect lease rent.

for a period of between 01 and 04 years, the government has lost the lease revenue that could have been earned.

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| (c) | It was observed that the beneficiaries are still residing in the vulnerable houses due to the failure to properly transfer government lands to the Matara Divisional Secretariat to 03 beneficiaries to be relocated to another suitable location, as informed by the National Building Research Organization in 2019 due to the high risk of landslides. | As informed by the National Building Research Organization, due to the high risk of landslides, government lands have been duly taken over by the Matara Divisional Secretariat by now to be given to 03 beneficiaries to be removed from their place of residence and resettled in another suitable location. | The parties responsible for the delay in resettlement should be identified and dealt with in a proper manner, and urgent actions should be taken to evacuate the residents from that location due to the high risk of landslides and resettle them in another suitable location. |
| (d) | During the year under review, although Rs. 26,660,379 was paid for the purchase of cleaning equipment and chemicals in the maintenance of cleaning services at the District Secretariat and 09 Divisional Secretariats, the relevant equipment or chemicals were not received in the office store, and it was observed that they were used by cleaning employees without being entered in a consumer materials register. It was observed that the internal control over the issuance of cleaning materials is at a very weak level. | The relevant Divisional Secretaries have been instructed to act accordingly since it can cover the requirement of that year. | Adequate and appropriate internal controls should be established regarding the receiving and issuing of cleaning materials. |

5. Human Resource Management

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) By the end of the year under review, there were 15 vacancies in 13 senior level posts and 02 tertiary level posts in the District Secretariat and Divisional Secretariats.	The staff information report is sent to the email address cadreinformation@gmail.com at the end of each quarter before the last day of the following month, and the hard copy is sent to the	A staff review should be conducted and actions should be taken to fill the vacancies based on service needs.

Department of Management Services, and letters have been issued for existing vacancies.

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| (b) | There was an excess of 334 officers in 326 secondary level posts and 08 primary level posts in the District Secretariat and Divisional Secretariats. | The existing development officers will be added to the approved staff, and necessary actions will be taken in the future as per the instructions of the ministry. | Urgent actions should be taken to appropriately balance the excess officers by assigning or transferring them to other service stations. |
| (c) | A human resources plan should be prepared in accordance with the circular No. 02/2018 of the Secretary to the Ministry of Public Administration and Management Services dated on 24 January 2018, but the plan had not been prepared. | Work has commenced on preparing the human resources plan. | Action should be taken to prepare the relevant plan in accordance with the circular and a copy of it should also be submitted to the Auditor General. |
| (d) | An officer appointed as Plantation Community Communication Facilitator by the Ministry of Hill Country New Villages, Infrastructure and Community Development on 04 July 2019 had been attached to the Matara District Secretariat. Even as at 2024, the officer had not been given a list of duties. By the end of the year under review, a total of Rs.2,589,884 had been paid to him as salary and allowances without proper supervision of his duties. | This officer was contacted and instructed to maintain a field notebook, to work according to the duty list, and to prepare future programs and submit them to the supervising officer on the due date. | A program should be developed to ensure that proper supervision is carried out by formally assigning duties to all officers and taking formal action against supervising officers for not assigning duties to the relevant officer. |
| (e) | It was observed that there were 11 vacancies in 07 Divisional Secretariat offices and 03 excess officers in 02 other offices due to the non-appointment of technical officers and technical assistant officers belonging to the Central Government. Since the vacancies and excess had not | It is stated that in the future, immediate actions will be taken to carry out transfers (under the central government) to all offices in a balanced manner. | Urgent actions should be taken to employ technical officers with proper balance. |

been balanced among the Divisional Secretariat offices, it had not been possible to obtain the contribution of technical officers equally to the Divisional Secretariat offices in the implementation of development programs.