

## **Head 278 - District Secretariat Ratnapura - 2024**

### **1. Financial Statement**

#### **1.1 Qualified Opinion**

The audit of the financial statements of Head 278 – Ratnapura 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 Ratnapura District Secretariat was issued to the Accounting Officer on 31 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 Accounting Officer on 31 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 for the year ended 31 December 2024 of the Ratnapura District Secretariat give a true and fair view in all material aspects of the financial position, financial performance and cash flows in accordance with the basis for the preparation of financial statements set out in Note 1.

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

My opinion is qualified based on the matters described in paragraph **1.6** of this report. I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibility for the financial statements is further described in the Auditor's Responsibilities Section. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### **1.3 Emphasis of matter - Basis for the preparation of Financial Statements**

Attention is drawn 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 needs of the Ratnapura District Secretariat, General Treasury and Parliament in accordance with 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 solely for the use of the Ratnapura District Secretariat, General Treasury and the Parliament of Sri Lanka. My opinion is not modified on this matter.

## **1.4 Responsibilities 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 true and fair view in accordance with Public Financial Regulations 150 and 151 and Public Accounts Guidelines No.06/2024 dated 16 December 2024 as amended on 21 February 2025 for such internal control determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

## **1.5 Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

- Evaluate the overall presentation, structure and content of the financial statements including disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

## 1.6 Comments on 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 District Secretariat building worth Rs.343,815,632 which is in a state of utilization had been accounted under work in progress without being capitalized under buildings as an asset.	It was informed that actions would be taken to capitalize the work completed office building as soon as possible.	Actions should be taken to capitalize the completed building.

#### (b) Receipts of Revenue

	<b>Audit Observation</b>	<b>Comments of the Accounting Officer</b>	<b>Recommendation</b>
(i)	The income of Rs.581,655 received from the auction of goods in the year under review was recorded as Rs.374,000 which was under-accounted as cash flow generated from investing activities in the cash flow statement by Rs. 207,655.	It was informed that actions would be taken to inform the Divisional Secretariat offices to ensure accurate accounting since the difference has arisen due to the fact that some Divisional Secretariat offices have not accounted for the auction income under the revenue head but have accounted it under government revenue	Action should be taken to accurately account the auction revenue.

**(c) Recurrent Expenditure**

**Audit Observation**

(i) A discrepancy of Rs.1,165,797 was observed when comparing the balance of provisions of 04 expenditure items as per the Treasury printout with the departmental expenditure ledger.

**Comments of the Accounting Officer**

It was informed that differences have occurred between the Treasury printouts and the departmental expenditure ledger as the District Planning Division, which was under the 130 expenditure head has been included in the 278 expenditure head from the year 2024.

**Recommendation**

Actions should be taken to compare the Treasury print outs and departmental expenditure ledgers and include the correct values in the financial statements.

**(d) Deposit**

**Audit Observation**

(i) There was a difference of Rs.200,939 since the deposit account balance in the statement of financial position relating to Head 278 is Rs.257,739,304 although the total deposit account balances in the Statement of Financial Position of the District Secretariat and 18 Divisional Secretariats at the end of the year under review were Rs.257,940,243.

**Comments of the Accounting Officer**

It was informed that actions were being taken to correct the error in the balance of Rs.200,940 in the general deposit account.

**Recommendation**

Actions should be taken to correct errors existing in the balance by making formal comparisons.

**(e) Audit Evidences not made available**

**Audit Observation**

(i) Although the non-reconciliation of the value of property, plant and equipment of Rs.10,101,641,809 observed during the audit in relation to the financial statements of the previous year had been adjusted by the Treasury in the year under review, sufficient evidence had not been provided for this.

**Comments of the Accounting Officer**

It was informed that the errors had been corrected by removing the fixed asset balances which was in the CIGAS program (UPB) but cannot be existed.

Journal vouchers should be submitted with relevant evidence to corrected errors.

(ii) Source documents containing the relevant capitalized cost value or assessed value were not submitted to verify the balance of Rs.443,015,424 relating to 06 items of land, buildings and vehicles belonging to the District Secretariat.

It was informed that relevant source documents would be provided in the future.

Actions should be taken to submit the requested evidence to the audit regarding capitalized values.

## 2. Report on Other Legal Requirements

Financial Statements in terms of Section 6 (1) (d) of the National Audit Act, No.19 of 2018;

- (a) That the consistent with the preceding year.
- (b) I express that the recommendations made by me on the financial statements of the preceding year had been implemented.

## 3. Financial Review

### 3.1 Imprest Management

	<b>Audit Observation</b>	<b>Comments of the Accounting Officer</b>	<b>Recommendation</b>
(a)	During the year under review, the amount requested for Head 278 was Rs.2,047,269 million less than the amount to be requested as per the plan.	Differences between the planned and requested budgets was arisen due to the projects have not been completed as planned resulting in market problems. It was also informed that these differences would occur since the imprest was not received as requested even though the imprest was requested for deposit accounts and advance accounts.	Physical conditions should also be taken into account when planning for the imprest requirements and prepared as accurately as possible.

### 3.2 Expenditure Management

	<b>Audit Observation</b>	<b>Comments of the Accounting Officer</b>	<b>Recommendation</b>
(a)	The remaining net provision balances of 13 expenditure items in the year under review ranged between 22 percent and 70 percent.	The savings due to the cost-effective management of expenditures in accordance with National Budget Circular No.01/2024, as well as the	According to Financial Regulation 50 (11), estimates should be prepared as accurately and completely as

non-submission of bills from the relevant institutions were affected.

possible and the allocated provisions should be fully utilized for the development of the area.

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

	<b>Audit Observation</b>	<b>Comments of the Accounting Officer</b>	<b>Recommendation</b>
(a)	Provision of Rs.151.5 million remaining at the end of the year under review out of the provisions of Rs.946.9 million provided to 7 Divisional Secretariats from 48 other ministries and departments for 94 requirements. Those savings ranged from 5 percent to 100 percent of the total provisions.	The provisions were remaining due to reasons such as non-implementation of projects, insufficient funds, non-submission of vouchers and necessary activities being carried out. It had been informed that actions will be taken to transfer the remaining provisions.	Action should be taken to maximize the utilization of the provisions allocated for projects by maintaining constant contact with the relevant line ministries/departments and the Treasury from the first half of the year.

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

		<b>Observation</b>	<b>Comments of the Accounting Officer</b>	<b>Recommendation</b>
	<b>Reference to Laws, Rules and Regulations</b>	<b>Value Rs.</b>	<b>Non-Compliance</b>	<b>Recommendation</b>
(a)	Financial Regulation 571 of the Financial Regulations of the Democratic Socialist Republic of Sri Lanka	2,604,482	Action had not been taken to credit 27 deposits of the District Secretariat and 4 Divisional Secretariats which were over 2 years old to government revenue. It was informed that overdue deposits would be credited to government revenue.	Action should be taken in accordance with Financial Regulation 571 regarding general deposits that have exceeded their due date by processing in a formal manner.

(b) Public Administration Circulars			
(i) Guideline 1.4 of Circular No.05/2008 dated 06 February 2008	The 03 Divisional Secretariats had not updated the services of the Citizen Charter.	It was informed that the Citizen Service Charter is being updated and, that the action will be taken to prepare and display on the board in the future.	Actions should be taken to update and maintain the services of the Citizen Charter.
(ii) Section 3.1 of Circular No.30/2016 dated 29 December 2016	Fuel combustion tests had not been conducted for 21 vehicles of the District Secretariat and 08 Divisional Secretariats during the year 2024.	It was informed that actions would be taken to burn fuel for vehicles in the future.	A fuel combustion test should be performed to determine fuel efficiency.
(iii) Circular No.02/2018 dated 24 January 2018	Two Divisional Secretariats had not prepared a Human Resources Development Plan by 15 August 2024.	Preparation of the Human Development Plan is underway. It was stated that action will be taken to ensure that such omissions do not occur in the future.	Action should be taken in accordance with Circular No.02/2018 dated 24 January 2018.

### 3.5 Irregular Transactions

#### Audit Observation

#### Comments of the Accounting Officer

(a) Although prior written approval of the Secretary to the Ministry is required for vehicle repairs exceeding Rs.500,000 in accordance with the delegation of powers related to financial control of the District Secretariat in the year 2024 under Financial Regulation 135, Approval was given for the repair of Rs.908,750 paid through voucher number 347 without the authority to	According to Circular 5/2022, it was stated that prior approval from the Secretary to the Ministry is not required when repairs are carried out at a regional garage.	Vehicle repairs should be carried out within the limits of financial authority and action should be taken against parties who have not done accordingly.
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approve it in accordance with Financial Regulation 137 and without the recommendation of the Motor Vehicle Inspector related to the repair and the above amount had been credited back to the General Deposit Account by 03 April 2025.

### **3.6 Transactions in the Nature of Frauds**

#### **Audit Observation**

#### **Comments of the Accounting Officer**

#### **Recommendation**

(a) The Embilipitiya Divisional Secretary had taken actions to grant possession on 12 September 2022 by collecting an annual rent of Rs.6,504,000 without identifying the archaeologically valuable places without a detailed feasibility study report as required by the Cabinet decision and without entering into a lease agreement in the providing of 94.6174 hectares of land to a private company for mineral mining in the Panahaduwa Division of the Embilipitiya Divisional Secretariat.

It was informed that a letter had been sent to the Commissioner General of Lands seeking advice on resolving the problematic situations, and that actions would be taken to rectify the problematic areas in accordance with the instructions given in that regard.

A formal investigation should be conducted and action should be taken against the relevant parties regarding other matters including actions taken contrary to the Cabinet decision.

### **3.7 Advance Issuance and Settlements**

#### **Audit Observation**

#### **Comments of the Accounting Officer**

#### **Recommendation**

(a) A loan balance of Rs.2,937,013 due from 20 officers who officer died and 3 to 36 months had been passed, transferred and 05 months had been passed, suspended and any installment was not collected for 6 months to 12 years after last installment was collected and 03 to 12 months had been passed after retire had had not been collected even at the end of the year under review.

Action will be taken to recover the outstanding loan balances from retired and deceased officers in the future through the relevant provisions of the Department of Pensions and, It was informed that necessary action would be taken in the future as reminder letters had been sent regarding the outstanding loan balances of the suspended officers.

Action should be taken against officers who have not taken actions to collect outstanding loan on time and action should be taken to immediately recover outstanding loan balances.

## 4. Operational Review

### 4.1 Projects abandoned without Completing

Audit Observation	Comments of the Recommendation Accounting Officer
(a) The 28 projects with an estimated cost of Rs.22,764,925 which were expected to be completed during the year under review were abandoned without completion in the District Secretariat and 04 Divisional Secretariats.	Projects had not been implemented due to adverse weather conditions and delays in obtaining geological survey reports. Action should be taken against the parties who responsible for not utilizing the provisions received for development in the area and a formal system should be developed to ensure that approved projects are completed within the stipulated time frame.
(b) Provision of Rs.1,199,947 had been approved by the Embilipitiya Divisional Secretariat in the year 2023 for the construction of a Sewa Piyasa under the Gama Samanga Pilisandarak and out of which, Rs.333,648 work was completed and the project was suspended midway.	Due to the poor economic situation in the country at this time, this project could not be completed due to the inability to procure fuel and cement. It was stated that priority will be given to this when receiving future development proposals. - do -

### 4.2 Delays in Execution of Projects

Audit Observation	Comments of the Recommendation Accounting Officer
(a) Although the process of acquiring land for the implementation of 39 projects in 07 Divisional Secretariats had been initiated between 1980 and 2023, the acquisition work had not been completed by 31 December 2024.	It was reported that the delay in the recommendation of the Minister of Lands, the delay in survey work, and the existence of court proceedings had affected the situation. The factors that contributed to the delay should be reviewed, a program should be formulated to expedite land acquisition activities, and the proposed projects should be implemented expeditiously.

(b)	<p>The total number of houses damaged by floods and landslides in the Ratnapura district from 2017 to 2024 was 26,572 and although the total compensation amount that should have been paid was Rs.1,106,840,660, the remaining compensation amount that should have been paid by the 31 December 2024 was Rs.762,317,467.</p>	<p>It was stated that the main reason for the unpaid compensation was not receiving the provisions.</p>	<p>The entire process should be reviewed and actions should be taken to expedite the process of applying for provisions and providing compensation in a formal manner.</p>
(c)	<p>It was observed that the houses were in a semi-completed condition and the beneficiary families were residing in high-risk areas or other temporary locations although a total compensation of Rs.83,990,000 was provided to 104 beneficiary families in 08 Divisional Secretariats for houses damaged due to floods and landslides.</p>	<p>It has been informed that actions would be taken to expedite the construction of houses for the beneficiaries and to settle the beneficiaries and demolish the old houses, and that legal action would be taken against beneficiaries who do not continue construction.</p>	<p>Continuous monitoring and follow-up of housing construction activities should be carried out and a formal program should be developed and implemented to immediately settle the beneficiary families.</p>
(d)	<p>Although a total of Rs.2,800,000 was provided to 10 beneficiary families in 03 Divisional Secretariats for resettlement due to landslide risk, physical progress was not observed.</p>	<p>Reminder letters have been sent and it has been informed that actions will be taken to complete the construction work or make recoveries.</p>	<p>Action should be taken against officers who have not monitored projects and achieved the desired objectives, and actions should be taken to ensure that resettlement activities are continuously monitored and projects are completed.</p>
(e)	<p>Although infrastructure facilities such as water, electricity and access roads should be provided for disaster villages according to Step 08 of the Construction Guidelines in implementing the resettlement project by the National Building Research Organization and the Disaster Relief Services Center, water facilities for disaster villages in 02 Divisional Secretariats, electricity facilities for disaster villages in 01 Divisional Secretariat and access road facilities for disaster villages in 02</p>	<p>It was informed that the relevant institutions would be informed in writing to provide infrastructure facilities.</p>	<p>Action should be taken against the relevant parties for not planning the project properly and actions should be taken to promptly provide the relevant facilities in accordance with the construction guidelines.</p>

Divisional Secretariats had not been provided.

(f) Although various government institutions have applied to acquire about 183 lands belonging to 14 Divisional Secretariat Divisions, the relevant work had not been completed by 31 December 2024. It was further observed that the period for which these lands were applied was from 1997 to 2021.

It was reported that delays in land valuation, legal proceedings, and obtaining recommendations from relevant government institutions were the factors that had affected the project.

The reasons for the delay in land transfer should be reviewed and actions should be taken to expedite the land transfer process.

#### **4.3 Annual Performance Report**

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

<b>Audit Observation</b>	<b>Comments of the Recommendation Accounting Officer</b>
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(a) The compliance report submitted with the financial statements related to performance was stated as compliant for 63 requirements. Out of these, non-compliance was observed in 05 requirements when a sample of 10 requirements was examined.

It was stated that actions will be taken to rectify the situation.

Action should be taken against the party who prepared the report by entering incorrect information, and the report should be prepared by entering the correct information.

#### **4.4 Procurement**

<b>Audit Observation</b>	<b>Comments of the Recommendation Accounting Officer</b>
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(a) Due to the failure to include all information which a bidder is required to prepare a responsive bid in accordance with Guideline No.5.2.1(a) of the Procurement Guidelines of the year 2006 in maintaining the cleaning service of the District Secretariat, since the bids were

It was informed that the facts pointed out in the audit query had been noted and actions will be taken to overcome those shortcomings in the next call for quotations.

Bidding documents should be prepared in a manner that enables a bidder to prepare a responsive bid in accordance with the referenced sections of

called in a manner that made it impossible to identify the cleaning materials, the employee's provident fund, and the company's dividends separately, it had become difficult to identify the raw materials and equipment to be used for cleaning activities.

the Procurement Guidelines.

(b) Although quotations were called also in this year to institutions that had not submitted quotations in previous years when calling for quotations for the provision of sanitation services and security services for the year 2024 in 03 Divisional Secretariats, due to the failure of those institutions to respond, the bidder was selected without conducting a maximum competitive bidding based on only one or two institutions submitting bids.

(c) Quality reports were in unacceptable due to the fact that, discrepancies were observed between the date of concreting of the roads and the date of taking concrete samples as per the quality reports as per the log records of 05 concreted roads.

(d) The long-term viability of the road was uncertain related to the cost of Rs.342,389 incurred for the concreting the Kavantissa Vihara Mawatha by the Embilipitiya Divisional Secretariat while there is a risk of the side walls of the 19.5-meter-long drain on both sides of the road collapsing.

It was informed that, 306 project proposals were received in the year 2024 and due to the difficulty in carrying out the procurement process consistently, purchases were made after obtaining the approval of the District Procurement Committee.

Actions should be taken to call quotations with maximum competition and to provide maximum benefits to the government.

There have been discrepancies between the dates on which samples were taken due to incorrect entries in the logbook. It was informed that instructions have been given to the relevant officers to ensure that such omissions do not occur in the future.

A formal investigation should be conducted and action should be taken against the officers who committed irregularities, and the withheld money should be released after inspecting the road conditions.

This construction was carried out considering the strong demand of the people using this road and the side walls were not a construction constructed by our organization and it is a previous construction. Therefore, it was stated that this construction was carried out and there was no problematic situation in it.

During the implementation of the project, the feasibility of the project and the physical environment should be examined, and the strength of the sidewall should be checked and appropriate actions should be taken.

## 4.5 Assets Management

Audit Observation	Comments of the Recommendation Accounting Officer	
(a) The 84 government buildings in 14 Divisional Secretariats remained idle.	It was informed that it had been kept with the expectation of being used in disaster works and for other temporary purposes.	A suitable program should be developed and implemented to utilize underutilized assets.
(b) The 07 vehicles, including tractors, lorries and bowsers, located in 07 Divisional Secretariats had been idle for a period of 4-7 years.	It was informed that after evaluating the need for tractors and water bowsers in the district, it has been decided to retain them further at the Divisional Secretariat.	Actions should be taken to utilize idle assets and to maintain the relevant vehicles in upright condition.
(c) Actions had not been taken to survey and settle the land of 81 Grama Niladhari offices located on government lands in 07 Divisional Secretariats.	The audit observation regarding the failure to properly take over the lands where the Grama Niladhari offices are located had been accepted as correct.	Action should be taken to take the relevant lands into the custody of the Divisional Secretary in a formal manner.
(d) Action had not been taken to settle the land of the Kalawana Divisional Secretariat, measuring 01 acre, 01 rood and 24 perches, and the land of the Assistant Divisional Secretary's quarters is located, measuring 01 rood and 32 perches.	The relevant lands have been referred for surveying. Although the land where the Assistant Divisional Secretary's quarters are located has been surveyed, it was informed that the survey reports have not been provided to date.	- do -
(e) The Pajero of the District Secretariat has been out of service since 2021 and action had not been taken to repair or dispose it by now.	Recommendations had been made to the Comptroller General to dispose of this vehicle.	Action should be taken to repair and reuse or dispose of it properly.
(f) Although the Board of Survey for the financial year should be carried out before 15th March of the following financial year in terms of Finance Regulation 756(6) as amended by paragraph 11.1 of the Public Finance Circular No.01/2020	It was reported that after the Board of Survey is completed, Board of Survey activities will be conducted in Grama Niladhari offices for the year 2024 and	The Board of Survey should be carried out in accordance with Financial Regulation 756 (6) and the Board of Survey reports should be

dated 28 August 2020, the survey work at the Grama Niladhari offices of Balangoda and Opanayake Divisional Secretariat had not been carried out by 16 October 2024.

submitted for audit.

submitted to the Auditor General.

(g) Although there were 445 asset items according to the inventory register of the Eheliyagoda Divisional Secretariat, only 82 asset items worth Rs.110,617,330 were entered into the CIGAS computer program.

It was informed that, the Asset Valuation Board will assess the assets in the future and reconcile them with CIGAS and inventory records.

Action should be taken to account all assets.

#### 4.6 Security of Public Officers

##### **Audit Observation**

##### **Comments of the Recommendation Accounting Officer**

(a) In accordance with the provisions of Financial Regulation 880 and Circular No.07/2019 dated 23 March 2019 of the Ministry of Internal and Home Affairs, Provincial Councils and Local Government, the 24 officers of the District Secretariat and 09 Divisional Secretariats who were required to give security had not furnish the relevant security and action had been taken to obtain security from their subordinates who were required to give such security within the prescribed period as per the provisions of Financial Regulation 881 (ii).

It was informed that action will be made to deposit the security money.

Action should be taken against the responsible officers who have not taken actions to obtain the security deposit in a proper manner and action should be taken to deposit the security in accordance with Financial Regulation 880.

#### 4.7 Losses and Damages

##### **Audit Observation**

##### **Comments of the Recommendation Accounting Officer**

(a) Rs.10,006,332 was still to be recovered from the overpaid pensions to pensioners in 12 Divisional Secretariat Divisions as of 31 December 2024.

It had been reported that the Department of Pensions was collecting the overpaid amount from these pensioners in monthly installments.

A formal investigation should be conducted into the overpayment and if officers are involved, the formal action should be taken and the overpayment should be recovered in accordance with the pension circular.

(b) The government had incurred a loss of Rs.53,848,550 due to the purchase of rice at a higher price than the prevailing market price by the 18 Divisional Secretariats in connection with the distribution of free rice to low-income families.

Although attempts were made to purchase rice at a lower price, not having sufficient rice stocks and when a guaranteed price had been recommended for the purchase of rice by the government focusing on ensuring the quality of rice and, It had been informed that the government had not incurred any loss by not exceeding that limit in the Ratnapura district.

Procurement activities should be implemented in a cost-effective and beneficial manner for the government, and formal inspections should be conducted and action should be taken against officers who have not done accordingly.

#### 4.8 Uneconomic Transaction

Audit Observation	Comments of the Recommendation Accounting Officer
(a) The Eheliyagoda Divisional Secretariat has provided Rs.500,000 to renovate the tiled roof of the Kalu Adura Community Hall and install asbestos sheets and due to the low estimate for asbestos sheets, the roof of the attic was cut 1.5 feet to install the sheets as per the estimate and due to the roof preparation, the walls were exposed to getting wet during the rain.	It was informed that it would be referred to the District Engineer for technical advice need to that since the contractor union has agreed to widen the reduced gap in the roof and that the actions would be taken to rearrange it based on the recommendations provided. Action should be taken against officers who did not plan the project properly, and project activities should be carried out effectively and under the close supervision of a technical officer, by properly identifying the needs.

#### 4.9 Management Weaknesses

Audit Observation	Comments of the Recommendation Accounting Officer
(a) Grama Shakthi Janatha Society was established for livelihood development, capacity development and infrastructure development under the Grama Shakthi Janatha Movement, which was implemented in 15 Divisional Secretariats of the Ratnapura District in 2018 and 2019 and, it was observed that Rs.30,137,259 in 132 bank accounts maintained on behalf of 132 inactive	It was informed that the necessary preliminary actions are being taken to deposit the funds in the inactive society accounts in the District Secretary's general savings account. Idle funds should be utilized for the intended purpose through a formal program or taken over by the government in an appropriate manner.

Gramma Shakthi Janatha Society from the funds provided for that purpose have remained idle for more than 04 years.

(b) The permit had not been issued for 46 beneficiaries who applied for land permit after transfer in the years 2023 and 2024 at the Imbulpe Divisional Secretariat as of 11 December 2024.

It was reported that the colony officer had obtained reports for the subsequent transfers of permits that had not been distributed and that further action would be taken promptly.

Action should be taken against officers who have not acted in a timely and efficient manner and the process of issuing permits should be expedited.

(c) Action had not been taken to promptly recover the outstanding long-term rent payments totaling Rs.39,053,701 as of 31 December 2024 from 12 Divisional Secretariats in accordance with the paragraph 6.11 of Circular No.96/5 dated 1996.08.01 of Land Commissioner.

It was reported that actions were being taken to inform Gramma Niladhari to recover the outstanding rent amounts.

Necessary actions should be taken to promptly recover outstanding rents and, to take action against all responsible parties who have not taken actions to collect outstanding rents on time.

(d) Although the loans provided under the revolving loan program implemented by the Sri Lanka Women's Bureau in 05 Divisional Secretariats were to be repaid in 10 installments, the total outstanding loan balance was Rs.545,364 with a delay of collection period of between 01 and 13 years.

It was informed that actions would be taken to recover the loan.

Necessary actions should be taken against those who have not taken actions to collect installments on time to by conducting regular supervision and follow-up and directing it towards the objectives, and to promptly recover the arrears amount.

(e) The 05 Divisional Secretariats did not have information on 15,805 beneficiaries identified for the recommendation that rice be provided by the Divisional Secretary except for the beneficiaries specifically mentioned in Section 02 of Circular No. Social Empowerment/01/2024 dated 04 April 2024 regarding the distribution of free rice to low-income families.

It was informed that Since this program was a very urgent and essential task, it was necessary to work on the beneficiary lists prepared at the Gramma Niladhari division level and since the number of beneficiaries was relatively high, there was not enough time to prepare separate lists of beneficiaries and submit them for approval.

A formal investigation should be conducted and action should be taken regarding non-maintenance of beneficiary information, and if any irregularities have occurred, action should be taken against the relevant parties.

(f) Although a canteen (welfare service) may be maintained by departmental officers or under a contract in terms of Section 2.8 of Chapter (XXII) of the Establishments Code of the Democratic Socialist Republic of Sri Lanka and although procurement procedures should be followed in accordance with the procurement guidelines if provided through a contract system, **06** Divisional Secretariats had provided canteens without conducting procurement procedures and **05** Divisional Secretariats had not been credited the monthly fees received from the canteens to government revenue.

It has been informed that actions will be taken to include conditions regarding how monthly rent, water and electricity payments should be made during the period which the canteen will be operated by writing and signing a formal agreement for the contract in accordance with paragraph 8.9.2 of the Procurement Guidelines, and that the income generated from this will also be credited to government revenue in the future.

Action should be taken in accordance with the referenced paragraph of the Establishments Code of the Democratic Socialist Republic of Sri Lanka, and actions should be taken to credit the canteen fees to the government revenue.

## 5. Achieving Sustainable Development Goals

<b>Audit Observation</b>	<b>Comments of the Recommendation Accounting Officer</b>
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(a) No internal circular has been issued regarding the identification and implementation of the objectives and targets related to the District Secretariat in accordance with the United Nations Sustainable Development Agenda 2030 and no action plans had been prepared or guidance had been provided.

It had been informed that internal circulars had not been issued due to the failure to provide guidelines on the fact that national policies and strategies on sustainable development should be formulated by the Sustainable Development Council.

An internal program should be prepared and implemented to work in accordance with the sustainable development agenda to achieve the desired goals.

## 6. Good Governance

### 6.1 Rendering Services to the Public

<b>Audit Observation</b>	<b>Comments of the Recommendation Accounting Officer</b>
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(a) Although **01** to **05** years have passed since the President signed **04** land grant papers at the Kalawana Divisional Secretariat, they have not been delivered

It was reported that these grant papers were reserved for distribution on festive occasions based on

Once the paperwork is completed, the relevant grant papers should be distributed promptly

to the relevant parties by 20 December 2024. Furthermore, 29 permits signed by the Divisional Secretary had not been distributed to the relevant parties even though a period of between 01 and 04 years had passed. previous instructions, and that the grant papers received from January 2024 to date have been distributed to the public, and that the remaining grant papers would be distributed after the 2025 local government elections. without delay, and action should be taken against officers who fail to do accordingly.

(b) The 10 public complaints received from the President and Prime Minister's Offices after 31 May 2024 to the Eheliyagoda Divisional Secretariat, 09 general public complaints and 04 complaints from the District Secretariat were still pending without being documented as of 05 August 2024, and the necessary action had not been taken to resolve those public complaints. It was stated that 1929 complaints were listed in the inspection report and that the other deficiencies mentioned in the audit query will be addressed from the year 2025. Action should be taken against officers who have not documented complaints in a formal manner, and resolve the public problems promptly.

## 7. Human Resource Management

### **Audit Observation**

### **Comments of the Recommendation Accounting Officer**

(a) It was observed that at the end of the year under review, there were a total of 313 vacancies and 481 surplus employees in the District Secretariat and Divisional Secretariats. It was stated that the relevant appointing authority had been informed about the surplus and vacancies. Actions should be taken to conduct a staff review and fill essential vacancies, and to properly assign surplus staff to other institutions and balance.