

Head 263 – District Secretariat Hambantota

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the District Secretariat Hambantota for the year ended 31 December 2019 comprising the statement of financial position as at 31 December 2018 and the statement of financial performance, and cash flow statement for the year then ended, was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act No. 19 of 2018. The Summary Report containing my comments and observations on the financial statements of the District Secretariat Hambantota was issued to the Accounting Officer on 28 May 2020 in terms of Section 11 (1) of the National Audit Act No. 19 of 2018 . The Annual Detailed Management Audit Report of the District Secretariat was issued to the Accounting Officer on 30 June 2020 in terms of Section 11 (2) of the Audit Act. This report is presented to Parliament in terms of Section 10 of the National Audit Act No. 19 of 2018 which is read in conjunction with Article 154 (6) of the Constitution of the Democratic Socialist Republic of Sri Lanka.

In my opinion, except for the effects of the matters described in Paragraph 1.6 of this report, the financial statements prepared in accordance with the provisions of State Accounts Circular No. 271/2019 dated 03 December 2019 give a true and fair view of the financial position of the District Secretariat Hambantota as at 31 December 2019 and its financial performance and cash flow for the year then ended, in accordance with Generally Accepted Accounting Principles.

1.2 Basis for Qualified Opinion

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 Responsibilities of Chief Accounting Officer and the Accounting Officer on Financial Statements

The Accounting Officer is responsible for preparation of financial statements in a manner that reflects a true and reasonable position and determines the internal control required to enable financial statements to be prepared without inadequate false statements that may result from fraud and error in accordance with Generally Accepted Accounting Principles and the provisions of Section 38 of the National Audit Act, No. 19 of 2018 .

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 annual and periodic financial statements to be prepared.

The Accounting Officer shall ensure that an effective internal control system is maintained and maintained for the financial control of the District Secretariat in terms of sub-section 38 (1) (c) of the National Audit Act and it should be periodically reviewed the effectiveness of the system and make any necessary changes to keep the system running efficiently.

1.4 Auditor's Responsibility on Audit of Financial Statements

My objective is to express a reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue the Report of the Auditor General 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, they could reasonably be expected to influence the economic decisions of users taken 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:

- Appropriate audit procedures were designed and implemented to identify and assess the risk of possibility of quantitative misrepresentations occurred in financial statements due to fraud or errors in providing a basis for the expressed audit opinion. More than the impact of quantitative misrepresentations due to misrepresentation, the effect of fraud is strong because of malpractice, forgery, intentional evasion, misrepresentation, or evasion of internal controls can lead to fraud.
- Although it is not intended to express an opinion on the effectiveness of internal control , obtained an understanding of internal control in order to plan appropriate audit procedures occasionally.
- Evaluated the appropriateness of the accounting policies followed, fairness of accounting estimates and related disclosures made by Management.
- Evaluated whether the transactions and events underlying the structure and content of the financial statements are appropriately and fairly consisted in and presentation of financial statements including disclosures as a whole.

The Accounting Officer was made aware of important audit findings, key internal control deficiencies and other matters identified in my audit.

1.5 Report on Other Legal Requirements

I declare the following matters in terms of Sub-section 6 (1)(d) and Section 38 of the National Audit Act No. 19 of 2018 .

- (a) The financial statements furnished by the District Secretariat Hambantota for the year under review are in consistent with those of the previous year,
- (b) The recommendations made by me in respect of the financial statements of the preceding year were implemented.

1.6 Comments on Financial Statements

1.6.1 Statement of Financial Performance

The following observations are made.

Audit Observation	Recommendation	Comments of the Accounting Officer
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<p>(a) Although the deposit receipts amounting to Rs.875,957,552 and other receipts amounting to Rs.550,385,916 should be stated in the statement of financial performance, the value stated were Rs.876,397,002 and Rs.549,946,466 respectively. It was revealed that the reason for the difference between these two receipts was that the accounting for the deposit receipts relating to another Head amounting to Rs.439,450 as deposits relevant to the District Secretariat without taking into accounts under other income.</p>	<p>It should act in accordance with the State Accounts Circular No. 271/2019 of 03 December 2019 .</p>	<p>The accounts have been prepared as per the Consolidated Trial Balance obtained under the CIGAS Programme.</p>

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| (b) | Although the advance receipts balance was Rs.81,605,145 as per the Treasury computer printouts, it had been stated in the statement of financial performance as Rs.71,081,815 . | It should act in accordance with the State Accounts Circular No. 271/2019 of 03 December 2019 . | The accounts have been prepared as per the Consolidated Trial Balance obtained under the CIGAS Programme. |
| (c) | Although the deposit payment as per the Treasury computer printouts was Rs.905,389,872 , it had been overstated by Rs.1,050 showing as Rs.905,390,922 in the financial performance statement. | Financial statements should be prepared as per the Treasury computer printouts. | Motor Vehicle deposit payments amounting to Rs. 1,050 was the reason for this difference. |

1.6.2 Non-compliance with Laws, Rules and Regulations

Instances of non - compliances with provisions in Laws, Rules and Regulations observed during the course of audit test checks are analyzed below.

Reference to Laws, Rules and Regulations	Observation ----- Non - compliance	Recommendation	Comments of the Accounting Officer
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(a) Memorandum of the Cabinet of Ministers No. PS/NC/4/CP/41/2019 of 11 February 2019	Although the interest free loan amounted to Rs.38,000,000 granted to a Co-operative Society of Rice Producers Ltd. on 05 April 2019 under the loan relief programme for small and medium-sized rice mill owners should be fully recovered from Mill Owners by 05	Government-owned funds used for national purposes with the objective of recovery should be charged from the relevant parties at the end of the prescribed task and credited to the Consolidated Fund.	The Mill Owners have agreed at the meeting held on 18.06.2020 between the District Secretary and Mill Owners to settle and complete the payment for loan subject to a grace period of 03 months and a loan repayment scheme.

October 2019, actions had not been taken to recover a sum of Rs.26,445,848 even by 30 June 2020, the date of audit.

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| <p>(b) Paragraph 10 (1) of the Extraordinary Gazette Notification No. 1600/18 of 06 May 2009 and Paragraph 15 of the Extraordinary Gazette Notification No. 1303/17 of 28 August 2003</p> | <p>i. Granite Site which was maintained on a private land in Okewela Divisional Secretariat had been illegally mined 10,911 cubes of granite in 0.6227 hectares of State Land beyond the limits of their private lands and the Divisional Secretariat had not charged government fees for that as per the Circular.</p> | <p>Actions should be taken to prevent the illegal use of State Lands and Properties and to collect the due government fees for the illegally used properties.</p> | <p>The observation were accepted during the discussion held with the District Secretary on 12.12.2019.</p> |
| | <p>ii. Three people had been running an unauthorized quarry for a long time period in a State Land approximately 02 acres in extent in the Anjaligala Grama Niladhari Division of Tissamaharama Divisional Secretariat and it was reported that 41,336 cubes of granite had been</p> | <p>It is a responsibility of public officers to protect State Lands, properties and minerals and officers are also responsible for preventing the opportunities of using of unauthorized explosives.</p> | <p>The observation is accepted. After reporting the excavations have been in operation since 1995, the manual quarrying has been permitted and the quarrying is being done using compressor machines; this has been reported to the Excavation Engineer of the Geological Survey and Mines Bureau and the</p> |

excavated during that period as per the report of the Geological Survey and Mines Bureau dated 15 October 2019. Government charges had not been charged for the using of State Land in this manner.

Weerawila Police Officer In Charge.

iii. As a result of recovery of the government charges due in less under the above legal provisions and the calculation of the number of granite cubes excavated in less out of 12 granite quarries maintained in 05 Divisional Secretariat Divisions in Hambantota District, approximately a total of Rs.198,898,250 had lost to the government revenue from the year 2009 to the year 2019 .

Actions should be taken to recover the prescribed government charges as per the Rules and Regulations enacted.

The observation is accepted. The fee has been charged in less since no notification was made to the District Secretariat regarding the amendment of the circulars relating to the collection of government revenue.

**(c) Circulars of
Ministry of
Defense**

Letter No. 04 / CS/3/10/1/ General dated 14 April 2004	Charges are being made under the Forest Ordinance by calculating the volume of granite that can be broken down into 2½ cubes by 01 kg of dynamite. Even though the Controller of the Explosives had released all three explosives such as Ammonium Nitrate, Dynamite and Ammunition for the purpose of excavation, the volume of granite cubes excavated is calculated by the Divisional Secretariat in charging government fees based only on the explosive of Dynamite.	It is needed to develop a methodology to calculate the volume of excavation based on all the explosives issued for charging government fees.	Observations are accepted. This has been confirmed by the officer represented the Geological Survey and Mines Bureau who was present at the Conference of Government Agents' held on 16.10.2017 as well.
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**(d) National
Budget
Circulars**

Paragraphs 02 and 03 of Circular No. 04/2019 dated 17 June 2019	It was observed that the government expenditure for the year 2019 had not been made prudently as per the Circular by incurring Rs.2,140,503 including a sum of	Actions should be taken to manage public expenditure in terms of the Circular.	It was impossible to make controls as a District for this event which was held as an opportunity to implement government policy.
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Rs.645,503 for expenses containing catering, fuel, stationery at the Samurdhi Entitlement Certificates Awarding Ceremony for 4186 beneficiaries out of 13,387 selected new Samurdhi recipients and incurring a sum of Rs.1,495,000 for the purchase of 5000 mango plants to distribute among beneficiaries in Hambantota District.

2. Financial Review

2.1 Expenditure Management

Audit Observation	Recommendation	Comments of the Accounting Officer
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<p>The remaining provision for 07 recurrent expenditure objects during the year under review amounted to Rs. 5,851,000 had been transferred to 06 other recurrent expenditure objects in terms of Financial Regulations 66 and 69 .</p>	<p>Estimates should be prepared completely and accurately as much as possible in accordance with F.R.50 (ii) of the Financial Regulations of the Democratic Socialist Republic of Sri Lanka.</p>	<p>The provisions had to be transferred due to the matters such as amendment of the subsistence allowance of public officers as per Circular 20/2018 , most of the pool vehicles of the District Secretariat have to be repaired frequently due to their dilapidated condition, incurring expenses related to the object 2002 from the 1302 because it had to hold 15 per cent out of the capital expenditure objects and incurring expenditure related to object 2003 from the object 1301.</p>

2.2 Imprest Management

Audit Observation

Even though the imprest applied from the Treasury by the District Secretariat during the year under review was Rs.8,020,934,000 the imprest issued was Rs.3,436,248,000 . Accordingly, due to non-receipt of the imprest amounted to Rs. 4,584,686,000 from the Treasury, the opportunity had not been arisen to fully utilize the provisions made available for development activities under the other Ministries and Departments during the year under review. As an example, since lack of the allocations which were made available for 384 Projects to 11 Divisional Secretariats amounted to Rs.173 million under Gamperaliya Programme , those Projects had not been implemented.

Recommendation

Such problems can be avoided by releasing the due imprests from the Treasury for the implementation of the planned projects as scheduled.

Comments of the Accounting Officer

Observation is accepted.

2.3 Reconciliation Statement of Advances to Public Officers Account

The following observations are made.

Audit Observation

(a) Actions had not been taken to recover a total debt balances of Rs.443,538 receivable from two interdicted officers of the Tissamaharama and Beliatta Divisional Secretariats for a long period.

Recommendation

Steps should be taken to recover overdue debts.

Comments of the Accounting Officer

Approval has been requested from the Ministry of Home Affairs to recover in 60 installments because of the daughter of one of the officers has expressed a willingness to pay and the Attorney General has been

consulted for the amount to be recovered from the other officer.

(b) The debt balances amounted to Rs.176,144 receivable from two officers who had left the service of the Hambantota and Angunakolapelessa Divisional Secretariats had not been recovered.

Actions should be taken to recover the outstanding loan balances without delay.

There are problems related to recovering of the amount due from the guarantor of one officer and the legal advices have been requested in respect of the recovery of the outstanding debt balance from the other officer.

3. Operating Review

3.1 Failure to Obtain Expected Benefits

Audit Observation	Recommendation	Comments of the Accounting Officer
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<p>A sum of Rs.127,450,000 had been provided to 91 beneficiaries for the construction of houses in safety areas in 06 Divisional Secretariat Divisions in the years 2017, 2018, 2019 with the aim of relocating the people in areas where the livelihood of them at risk due to floods and landslides in May 2017 to other areas but the people living in the high risk areas had not been resettled in new houses those had targeted by the Project even by 03 May 2020 the date of audit. Seven beneficiaries who were given a total of Rs.11,025,000 in Katuwana Divisional Secretariat, 01 beneficiary who was given Rs.1,575,000 in Buddhiyagama in Weeraketiya Divisional Secretariat, one beneficiary who was given Rs. 900,000 in Okewela Kandaketiya and one</p>	<p>Steps should be taken to select the beneficiaries in order to achieve the objectives of the programme and to release funds after the performance appraisal and to carry out follow up actions continuously.</p>	<p>Letters have been sent at the level of the Divisional Secretariat to the persons who had not resided to confirm the residing of the new house immediately.</p>

beneficiary who was given Rs. 200,000 in Beliatta Neluwa had resided at the risky areas without moving into new homes due to various reasons as per audit test check carried out.

3.2 Projects that have been Funded but not Progressed

The following observations are made.

Audit Observation	Recommendation	Comments of the Accounting Officer
<p>(a) A sum of Rs. 27,757,257 provided for livelihood development activities of 36 Grama Shakthi People's Societies in 12 Divisional Secretariats in the District under the Phase I of Grama Shakthi People's Movement Programme had remained in the Societies as savings for about one year without being utilized up to 15 May 2020, the date of audit.</p>	<p>Steps should be taken to implement projects for which allocations have been made without allowing Government-owned funds to be withheld without spending it for the welfare of the people.</p>	<p>Advices have not been given on the implementation of the Project as per the changes in the state regime because of the Grama Shakthi People's Movement was a programme commenced under the previous government.</p>
<p>(b) Although 108 Grama Shakthi People's Societies had been started under Phase ii of the Grama Shakthi People's Movement Programme, the development plans required for that had not been prepared.</p>	<p>-do-</p>	<p>The above comment is applicable.</p>

3.3 Weaknesses in Execution of Project

The following observations are made.

3.3.1 Construction of New Three Storied Building and Construction of Boundary Wall

Divisional Secretariat - Okewela

Audit Observation	Recommendation	Comments of the Accounting Officer
(a) Weaknesses Identified in Building Design and Contract Awarding		
i. It had not considered about the land and needs of clients in designing of buildings and preparation of engineering estimate. Changes were made to in the building plan during construction and a sum of Rs.5,405,626 had been paid for 72 items as extra work. Accordingly, it is observed that the preparation of the building plan and the engineering estimate was at a very poor level.	The construction site and the needs of the clients should be considered before preparing estimates for the construction.	When making adjustments, the problems had occurred due to the fact that the building planned for in front of the land where the Divisional Secretariat was then situated had to be constructed on another land.
ii. Although both of the performance and the advance guarantee of the first bidder selected were false, it was not revealed that the actions taken to inform the Construction Industry Development Authority (CIDA) about this or the actions taken against the contractor and an additional cost of Rs.3,677,718 had to be incurred by the government by awarding the new contract.	Actions should be taken to comply with Financial Regulations 101 to 110 as well as be more advantageous to the government and minimize government costs.	The originals of the documents have been handed over to the court for legal action.

(b) Deficiencies Occurred in the Preparation of Engineering Estimates and Financial Losses

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| <p>i. The works amounting to Rs.5,484,292 in 3 main work items of the engineering estimate had been abandoned. However, a pre-work advance amounted to Rs.948,973 had been paid for the abandoned work.</p> | <p>It should make sure to prepare estimates with work items that can be performed and to get those work items done.</p> | <p>The execution of these items was not performed under this estimate since provisions have been made under landscaping for these items whilst the building is under construction.</p> |
| <p>ii. Although a sum of Rs.2,245,030 had been estimated for the installation of electricity as per the engineering estimate, a sum of Rs. 4,996,348 had been paid for the entire electrical system as extra work and external work. Further, inadequate engineering estimates of Rs. 12,175 had been prepared for a three-phase power supply.</p> | <p>There should not be unusual variations in the prepared engineering estimates.</p> | <p>These expenses were not included in the estimate because it exceeds the financial limit of Rs.100 million.</p> |
| <p>iii. CASING used to lay electrical wiring that affects the exterior decoration of the building and the safety of the wiring system had been finished as seen from the outside. Further, payment of Rs.282,225 for setting up a support to install fans under Ex.54 of the bill is observed as an overpayment.</p> | <p>Construction should be done with a proper completion. Bids are offered with prior knowledge in respect of the work item. Even so, it is not suitable to repay as extra work.</p> | <p>This was done because of the wiring used as per the original design could not be utilized and a separate structure had to be prepared as the roof was high and there were no rafters where the fans should hang.</p> |
| <p>iv. Although it had been estimated 900 cubic meters for excavating soil and spreading under the estimate item No.C-1, a sum of Rs.1,930,432 had</p> | <p>There should not be unusual variations in the estimated item sizes and the works related to the item,</p> | <p>Soil excavation could not be carried out as per the survey measurements due to the rapid preparation</p> |

been paid by bills for 9552 cubic meters considering survey records as a single measure in contrary to Sri Lanka Standards (SLS 573). Further, the confirmations were unavailable in the file for which purpose the 9552 cubic meters of excavated soil was utilized.

professionals/ technicians should be aware of professional standards in performing their profession, and the work performed should be properly documented and handled with transparency.

of estimates, the excavated soil was disposed of to surrounding schools and temples.

(c) **Deficiencies Occurred in Payment of Contract, Extension and Maintenance and Financial Losses**

i. The contract period had been extended to 6½ months for the building and 90 days for the wall without obtaining the Work Schedule and the Progress which should be provided before commencing the contract and a new work plan as well for the future time period. As per the above matters, it is questionable in the audit that how the engineers properly supervised the work site.

The contract period should be extended based on reasonable causes. Sites should be designed to be maintained with a proper management.

A work plan was not obtained because there were not enough technical officers to supervise and the time period was extended due to delays in soil removing in the land and unavailability of explosives for rock removal.

ii. Additional works valued at Rs.5,405,626 had been carried out from the Rs.14,518,048 shown as the contract savings. However, a sum of Rs. 108,113 or 2 per cent discount had not been deducted as per the contract agreement for this additional work.

Additional works had been carried out instead of the estimated work items. Discounts should be deducted therefore.

Discounts of the contractor are valid only for work specified in the contract and up to 25 per cent of that amount.

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| <p>iii. Although there was no consent in the agreement to pay the price increases, a sum of Rs.3,324,543 had been paid for price increases by the final bill.</p> | <p>All payments should be made in a legal manner.</p> | <p>A delay error occurred in signing the agreement.</p> |
| <p>iv. Although a late charge of 0.05 per cent should be charged for each day of delay, a 0.025 per cent had been charged per day. Further, late charges amounted to Rs.6,120,806 as per the agreement regarding 326 days of delay in building construction contract and a sum of Rs.1,265,414 as late charges for 150 days of delay in the contract for the construction of boundary wall should have been charged.</p> | <p>Officials should take actions to recover the dues receivable to the government and Officers should render their service honestly.</p> | <p>It was informed that the final report of the work has been received by the District Engineer on 01.06.2020 or after 14 months. The late charges for the wall will be recovered by the final bills.</p> |
| <p>v. As a result of non-recovery of advance bills 01 to 03 which should be recovered in accordance with the agreement within 06 months, a misuse of Government Funds amounted to Rs.5,558,482 had occurred.</p> | <p>Actions should be taken to collect Government Funds on due dates.</p> | <p>It was noted to act as per Standard Bidding Document (SBD) instructions and Contract Agreement in future.</p> |
| <p>vi. The reconciliation statement including savings, abandoned works, and extra works had not been prepared when paying the final contract bill. Further, plans to be submitted after completion of the contract (AS build drawing) , Non-claim Certificate, Certificate of Completion had not been obtained. It was observed that the repairs occurs in this will not be possible to correct in future on this condition and there were opportunities to the</p> | <p>Officers should perform their responsibilities with greater transparency.</p> | <p>It is not essential to prepare comparative statements. Additional works can be found on the bills. AS build drawings have not been done because of no money has been allocated from the estimate. Because of obtaining a non-claim certificate is carried out for large projects, it has not been so done.</p> |

contractor to enter into further obligations in future by not obtaining confirmations as the bonds have been released in accordance with the agreement.

- vii. The Construction Plans of new Building and the Wall of Okewela Divisional Secretariat had not been furnished to the Urban Development Authority / Local Governments for the approval.

Actions should be taken in complying with Government Regulations.

The relevant approval has not been obtained for any government building. Necessary arrangements will be made for the relevant approval in future.

3.4 Losses and Damages

Audit Observation

The relevant activities on the files with regard to damages and losses totalled to Rs.73,253 in relation with 09 incidents valued at less than Rs.25,000 and the damages and losses amounting to Rs.8,233,211 relating to 20 incidents valued at more than Rs.25,000 occurred during the period from the year 1987 to 2018 and also elapsed between 12 months and 32 years by the end of the year under review, had not been completed.

Recommendation

Files related to recoveries or write offs should be carried out promptly.

Comments of the Accounting Officer

The relevant activities on the files are being carried out.

3.5 Uneconomic Transactions

Audit Observation

Despite it was decided to temporarily suspend the tendering and sale of stocks of paddy purchased by the Government at the meeting of Cabinet Sub - committee on Cost of Living on 18 June 2019, a sum of Rs.161,460 had been paid to a journalist from the voucher No. 7/235 in July 2019 for publishing the procurement advertisement in trilingual in three newspapers on 1 July 2019 .

Recommendation

Decisions taken nationally should be communicated to the relevant institutions without delay and actions should be taken to minimize unnecessary expenses.

Comments of the Accounting Officer

Since the Ministry of Agriculture had informed on 10.07.2019 that the calling for tenders has been suspended, it was impossible to prevent the publication of the news paper notice dated 01.07.2019 .

3.6 Management Weaknesses

The following observations are made.

Audit Observation

- (a) As a result of 04 acres State Land situated at Galwala No. 16, Eradugalayaya, Batatha South belonging to Ambalantota Divisional Secretariat and later to Divisional Secretariat, Tangalle from the year 2003 to 2018 has been holding by one person for a long time, had been registered at the Tangalle Land Registrar's Office on 14 March 2018 preparing a declaration deed in his own name. No action had been taken by either of the two

Recommendation

Actions should be taken in accordance with the provisions of the State Land Ordinance with regard to State Lands.

Comments of the Accounting Officer

Observation was accepted. The arrears will be recovered in future and actions will be taken to correct the methodology and issue licenses in future.

Divisional Secretariats regarding the unauthorized use of state land and the registration made in his own name.

- (b) A weigh of 26244 kg explosives had been issued from 23 October 2017 when the commencement of the granite work site in Liyangastota area of Ambalantota Divisional Secretariat to the 16 October 2019 and the total volume of granite excavated as per the field inspection report dated 16 October 2019 of the officers of the Geological Survey and Mines Bureau was 12656 cubes. The minimum volume of explosives required for this is 6328 kg. Accordingly, it was not revealed that the remaining 19916 kg or 76 per cent of excess explosives out of the issued volume was used for which purpose .
- A formal follow-up process should be carried out to determine whether the explosives issued by the Assistant Explosives Controller are being used for the relevant purposes and the release of such excess explosives to outside parties is also a matter of national security concern.
- Information will be obtained from the Geological Survey and Mines Bureau and submit the answers.
- (c) A sum of Rs.5 million from the interest free advance given by the District Secretariat on 11 August 2011 to one Co-operative Society in the Hambantota District out of the provision received from the Department of Treasury Operations for the purchase of paddy during the Yala Season 2011 had not been recovered as at 06 February 2020, the date of audit.
- Government funds given to external parties for national interests should be recovered promptly and credited to the Consolidated Fund.
- Although the efforts have been made frequently to recover this amount, it has not been recovered so far and legal actions will be taken in future.

4. Good Governance

4.1 Performing Services to the Public

The following observations are made.

Audit Observation	Recommendation	Comments of the Accounting Officer
<p>(a) i. Without considering the order of the priority list of 21 beneficiaries registered with the participation of the Samurdhi Development Officer, Grama Niladhari, Economic Development Officer and the Chairman of the Community Based Organization in selecting the Samurdhi Beneficiaries, Samurdhi subsidy entitlement certificates had been granted to the first 07 and the last 04 in the priority list in the Aravanamulla Grama Niladhari Division of Hambantota Divisional Secretariat Division.</p>	<p>Actions should be taken to select beneficiaries and provide benefits in accordance with the circular instructions.</p>	<p>Accept.</p>
<p>ii. As per the audit examination, Samurdhi benefits had not been received for 30 families whose names were mentioned in the most qualified priority list and for 05 families whose names were not mentioned in the priority list but eligible in 03 Grama Niladhari Divisions in the</p>	<p>Arrangements should be made for the selection of beneficiaries as per the prescribed criteria and to provide benefits in accordance with the circular instructions.</p>	<p>A list of 15817 persons who have registered as priorities in the District was submitted to the Director General and the number approved by the Director General was 13227 as well and the action was taken to provide subsidy according to the document approved by the Director General</p>

Hambantota and Beliatta
Divisional Secretariats.

without considering of the
priority stated in the
Priority List.

iii. Samurdhi benefits were
given to 04 beneficiaries
who have income sources
in two Grama Niladhari
Divisions of Beliatta
Divisional Secretariat,
without considering of
the priority of the subsidy
criteria.

Arrangements should
be made to select
beneficiaries and to
provide benefits in
accordance with the
circular instructions.

Comments were not given.

(b) The provision of
Rs.120,806,068 had been
allocated in the year 2019 to
transform the temporary roof
of poor family houses into a
permanent roof under the
Gamperaliya Housing
Development Programme for
1209 beneficiaries in Beliatta,
Tangalle, Okewela and
Weeraketiya Divisional
Secretariats. The following
observations were made in
this regard.

Actions should be
taken to select the
most suitable
beneficiary as per the
criteria mentioned in
the circular
instructions.

The power to select the
beneficiaries was not
vested in the District
Secretary or his officials
and however, the
relevant officers of the
Divisional Secretariats
were deployed to inspect
the beneficiaries and the
subsidies were provided .

i. Although the above
mentioned Divisional
Secretariats with lower
poverty level had been
selected without selecting
the Divisional Secretariats
with the highest level of
poverty in the District the
selection beneficiaries had
not been carried out in a
proper manner.

The above
recommendation is
applicable..

The above comment is
applicable.

ii. Only 20 per cent to 80 per cent of the allocation had been paid for 567 beneficiaries due to failure to use accurate and relevant criteria for the selection of beneficiaries and subsidy had not been paid to another 86 beneficiaries .

The above recommendation is applicable.

The above comment is applicable.

5. Human Resources Management

Audit Observation	Recommendation	Comments of the Accounting Officer
<p>Actions had not been taken to fill 114 vacancies in the staff of District Secretariats and Divisional Secretariats by the end of the year under review. Approval had not been obtained for 07 excess staff as well.</p>	<p>Actions should be taken to fill the vacancies and to obtain proper approval for the excess cadre.</p>	<p>There are only vacancies remained when it is taken as a whole. Excesses indicate that there is more exists in that grade than the relevant number. Arrangements have been made to inform the Ministry of Public Administration and Home Affairs regarding the vacancies in every year and once the new officers will be assigned, the vacancies will be filled.</p>