

## Head -259 District Secretariat, Matale

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### 1 Financial Statements

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#### 1.1 Qualified Opinion

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The audit of the financial statement of the District Secretariat, Matale for the year ended 31 December 2019 comprising the statement of financial position as at 31 December 2019 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 including my comments and observations on the financial statements of the District Secretariat, Matale was issued to the Accounting Officer on 18 June May 2020 in terms of Section 11 (1) of the National Audit Act, No. 19 of 2018, and the Detailed Annual Management Audit Report relating to the District Secretariat in terms of Section 11 (2) of the National Audit Act, No. 19 of 2018 was issued to the Accounting Officer on 18 August 2019. This report will be tabled in Parliament in pursuance of provisions in Article 154 (6) of the Constitution 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 prepared in terms 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, Matale at 31 December 2019, and of its financial performance and cash flows for the year then ended in accordance with generally accepted Accounting Standards.

#### 1.2 Basis for Qualified Opinion

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I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAS). 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 for the Financial Statements

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The Chief Accounting Officer and Accounting Officer are responsible for the preparation of financial statements that give a true and fair view in accordance with Generally Accepted Accounting Principles and provisions in Section 38 of the National Audit Act, No.19 of 2018 and for such internal control as management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

As per Sub-section 16(1) of the National Audit Act No. 19 of 2018, the District Secretariat, Matale 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.

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

#### 1.4 Auditor's Responsibilities for the Audit of the Financial Statements

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

#### 1.5 Report on Other Legal and Regulatory Requirements

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I express the following matters in accordance with Section 6 (d) and Section 38 of the National Audit Act, No. 19 of 2018.

- (a) The financial statements are consistent with the preceding year.

- (b) The recommendations pointed out in my report relating to the financial statements presented in the preceding year with respect to the observations included in 1.6.1 (b), 1.6.2 (a), (b), 1.6.4 (a), (b),(d), and 2.2(e), of this report, had not been implemented.

## 1.6 Comments on Financial Statements

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### 1.6.1 Statement of Financial Position

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The following observations are made.

Audit Observation	Recommendation	Comment of the Accounting Officer
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(a) The balance obtained by deducting the value of deposit accounts from the value of advance accounts, should be reconciled under the net assets. However, due to failure in doing so, a minus value of Rs. 29,242,328 being the difference between the total assets and total liabilities, had been shown as net assets.	Accounting should be done in accordance with the State Accounts Circular, No. 271/2019 dated 03 December 2019.	The difference shown in the audit query is eliminated when the rent and work advances are changed in the financial statements. It is noted to correct the opening balance of the account as at 31 December 2020.
(b) A sum of Rs. 1,930,408,065 had been shown as the value of Property, Plant and Equipment as at the end of the year under review. However, the accuracy of the said value could not be verified as detailed schedules had not been presented thereon.	Detailed schedules should be presented in order to verify the values disclosed in the financial statements.	Once the buildings not assessed so far are assessed, all other values of the assets will be corrected as at 31 December 2020 and brought to accounts.

## 1.6.2 Balances of the Advance Accounts

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The following observations are made.

Audit Observation	Recommendation	Comment of the Accounting Officer
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(a) The balances in the rent and work advance account, and the rent and work advance reserve account should be equal. However, the rent and work advances had not been brought into accounts in accordance with double entries; as such, no transactions had been shown in the rent and work advance account whereas a balance of Rs. 32,332,805 had been shown in the rent and work advance reserve account presented with the financial statements.	Accounting should be done in accordance with State Accounts Circular, No. 250/2016 dated June 09 2016.	The audit query is acknowledged. Action will be taken to correct the balance of the rent and work advance account, in the final account of the year 2020.
(b) The District Secretariat had not presented the Treasury transfer sheets within the relevant year. The Treasury transfer sheets presented after the end of the year under review had been adjusted for the year under review. Accordingly, the opening balance of the rent and work advance reserve account amounted to Rs. 27,387,159 in accordance with the Cigas programme, but the same had been shown as Rs. 26,039,146 in the financial statements, and the closing balance thereof amounted to Rs. 41,579,328 as per the Cigas programme though, that value had been shown as Rs. 32,332,805 in the financial statements. As such, differences of Rs. 1,348,013 and Rs. 9,246,523 were observed between the opening balance and	Action should be taken to examine the reasons for the difference between the balances, and include only the transactions performed during the relevant period into the financial statements.	The transfer sheets relating to the year 2019 were presented to the Treasury in the year 2019, and the transfer sheets relating to the year 2019 were presented to the Treasury in the year 2020 thus reaching settlement.

closing balance respectively in the rent and work advance reserve account as per the financial statements,

### 1.6.3 Lack of Evidence for Audit

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Audit Observation -----	Recommendation -----	Comment of the District Secretariat -----
A number of 420 copies of agreements on contracts valued at Rs. 178,686,608 relating to installation of elevator at the District Secretariat and execution of 419 works at the Divisional Secretariat, Matale, had not been presented to the Auditor General in accordance with the Financial Regulations.	Action should be taken in accordance with the Financial Regulations.	Occurred due to reasons such as, a mistake of the District Secretariat, and unawareness of the officer at the Divisional Secretariat, Matale. The relevant copies of agreements will be presented to the Auditor General from the year 2020.

### 1.6.4 Non-compliances with Laws, Rules, and Regulations

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Instances of non-compliances with provisions of Laws, Rules, and Regulations observed during the audit test check, are detailed below.

Reference to Laws, Rules, and Regulations -----	Audit Observation -----	Recommendation -----	Comment of the Accounting Officer -----
	Non-compliance -----		
(a) Financial Regulations of the Democratic Socialist Republic of Sri Lanka. Financial Regulation 389.	A number of 174 cheques valued at Rs. 24,918,073 written by the Divisional Secretariat, Matale had not been kept under the custody of a responsible officer; instead, those cheques had been handed over to 04 officers outside the Accounts	Financial Regulations should be followed.	The deficiency pointed out has been corrected.

Division in order to be issued.

- (b) Letter, No. HAF/01/09 of the Secretary to the Ministry of Public Administration and Home Affairs, dated 12 June 2013. It had been stated that the monthly programmes of the field officers should be presented to the Head of the Institution prior to one week of the beginning of the month and approval should be obtained. However, there were 138 instances in which 17 officers of the Divisional Secretariat, Ukuwela had not done so. The Circulars should be followed. The field officers have been informed in writing to take corrective measures.
- (c) Circular, No. LD-1-34-(1) of the Secretary to the Ministry of Lands and Land Development, dated 13 June 2008, and Circular, No. 01/2018 of the Commissioner General of Lands, dated 28 March 2018. With the objective of averting the encroachment and informal disposal of lands owned by the Government institutions, a detailed report relating to the encroachment and informal disposal of Government lands should be furnished to the Divisional Secretary fortnightly. Nevertheless, 1178 fortnightly reports had not been furnished by 57 Grama Niladharis during the preceding year. The Circular should be followed. All the Divisional Secretaries have been informed to compulsorily obtain such reports from the Grama Niladharis.
- (d) Provisions relating to transfers of the Government officers stated in Chapter XVIII of the Procedural Rules (Volume 1) of the Public Services Commission published in the Gazette Extraordinary, No. 1589/30 dated 20 February 2009. Officers with a continuous service period of 5 years at the same workplace should be transferred. However, 12 officers of the Divisional Secretariat, Ukuwela with continuous service periods ranging from 5 to 13 years had not been transferred. The Circular should be followed to avoid issues such as, employee dissatisfaction, other officers being deprived of opportunity to be transferred, and miscellaneous problems. Although annual transfers for the year 2020 had been requested, no transfers were given..
- (e) Guideline 3.9.1 of the Without being satisfied with The Procurement At the

Government Procurement Guidelines.	the capacity of the community-based associations, 06 contracts valued at Rs. 1,917,000 had been awarded to 06 community-based associations by the Divisional Secretariat, Yatawatta.	Guidelines should be followed.	request of the chief incumbent of the temple, the development contracts were awarded either to the registered “ <i>Dayaka Sabhawa</i> ” of the temple or other associations within the division by drawing attention on the contribution of the community rather than the financial capabilities of the associations.
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(f) Paragraph 03 of the Letter, No. GIR/2019/3V (INS & CIR) of the Department of Inland Revenue, dated 09 July 2019.	Details on Value Added Tax totaling Rs. 43,690,882 had not been presented before the 15 <sup>th</sup> day of the ensuing month after the end of the quarter; instead, that information had been presented after a delay ranging from 3 <sup>1/2</sup> months to 10 months.	The Circular should be followed.	Those reports will be furnished without delay in the future.
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2. Financial Review

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2.1 Management of Expenditure

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The following observations are made.

Audit Observation	Recommendation	Comment of the Accounting Officer
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<p>(a) A sum of Rs. 109,500,000 representing 25 percent of the provision made on the capital expenditure of the year under review should be saved in terms of National Budget Circular, No. 5/2019 dated 24 September 2019. However, only 11 percent of the provision equivalent to Rs. 49,891,722 had been saved.</p>	<p>The Circular should be followed.</p>	<p>Consent of the National Budget Department had been given through the Letter, No. BD/GPS121/1/1-2018, dated 21 October 2019 stating that it was sufficient to manage the savings equivalent to 15 per cent of the entire Head of Expenditure.</p>
<p>(b) No provision had been made on other Objects through the national budget. Nevertheless, provision amounting to Rs. 2,700,000 had been made through supplementary estimates to establish “community based green societies” under the Object.</p>	<p>Estimates should be prepared as accurately as possible thus obtaining supplementary provision.</p>	<p>Approval of the Treasury had been sought by the Divisional Secretariat, Ambangahakorale to spend the provision amounting to Rs. 900,000 on a difference purpose, but the Treasury had turned down that request. The project proposal valued at Rs. 425,000 presented by the Divisional Secretary, Yatawatta had not been approved. Those were the reasons attributable to the said issue.</p>

2.2 Reconciliation Statement on the Advances to Public Officers Account

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Audit Observation	Recommendation	Comment of the Accounting Officer
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<p>Total of the advances remained due from the officers retired, vacated the post,</p>	<p>Action should be taken in accordance with Section 01 of the National Budget</p>	<p>Actions to be taken to recover the said dues include : recovery after settling the problems in personal</p>



interdicted, or deceased Circular, No. 118 dated 11 files, recovery when paying retirement gratuity, recovery in installments, and recovery through legal proceedings.

amounted to Rs. 512,606 as October 2004.

per the Reconciliation statement.

those balances continued to exist over periods ranging from 03 months to 18 years.

### 2.3 Utilization of Provision Granted by Other Ministries and Departments

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Audit Observation	Recommendation	Comment of the Accounting Officer
(a) Provision totaling Rs. 18,611,604 granted by a Department and 13 Ministries including the Presidential Secretariat with respect to 21 Objects of 11 Divisional Secretariats in the year 2019, had not been utilized in full.	Action should be taken to properly utilize the provision.	The value of the bills in hand totaled Rs. 11,073,017 as at 31 December 2019, and the balance provision of Rs. 7,538,587 had saved due to lack of imprest.
(b) Of the provision amounting to Rs. 1,208,261,130 and Rs. 3,116,220 granted to the District Secretariat by 14 Ministries including the Presidential Secretariat and 06 Departments respectively on capital expenses, a sum totaling Rs. 447,853,135 comprising sums of Rs. 446,213,716 and Rs. 1,639,375 respectively had been underutilized representing a range of 10 – 99 percent.	Action should be taken to properly utilize the provision.	Imprests had not been issued by the Treasury on capital projects, and the value of bills in hand totaled Rs. 507,885,681 as at 31 December 2019.
(c) Provision of the Ministry of Mahaweli, Agriculture, Irrigation and Rural Development.	Further action should be taken either to obtain the stock of rice or recover the loss.	The actual stock to be handed over was 49879.5 kg. The district director of agriculture had informed the
<ul style="list-style-type: none"> <li>As for the process of paddy stocks given to the private mill owners having purchased by the district agriculture</li> </ul>		

division, being handed over to Sathosa after processing into rice, 69979.5 kg of rice worth Rs. 3,970,842 had not been given to Sathosa.

relevant persons and the Police of Matale through telephone and letters from time to time thereby having discussions with them. Accordingly, they agreed to pay the value of the stock of rice.

- A sum of Rs. 12.35 million had been received to establish a *Hela Bojun Hala* nearby the *Aluwihara Rajamaha Viharaya*, Matale. A sum of Rs. 4.95 million had been returned therefrom by retaining a sum of Rs. 7,410,000, from which only a sum of Rs. 4,211,587 had been utilized representing 34.1 per cent.

The expected development project should be implemented within the year.

Owing to the time taken to obtain the miscellaneous approvals from the Ministries on the constructions, and the inclement weather, the timeframe of implementation had been adversely affected.

- (d) Only a sum of Rs. 14,091,800 had been spent from the net provision of Rs. 37,491,800 received by the Divisional Secretariat, Rattota from the Ministry of Public Administration and Disaster Management on the resettlement activities relating to high risks of landslides.

Action should be taken to utilize the provision as specified.

As funds had been received at the end of the first quarter of the year 2020 in favour of the bills written as at 31 December 2019, the expected development activities had delayed.

### 3. Operating Review

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#### 3.1 Management Inefficiencies

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The following observations are made.

- (a) Transactions without adequate authority
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Audit Observation -----	Recommendation -----	Comment of the Accounting Officer -----
As for the renovation of access road to the Inamaluwa old	The loss sustained by the Government should be	It has been informed that the said construction works have been done,

village (11), a sum of Rs. 81,576 had been estimated on laying turf and the maintenance. However, irrespective of the failure to do that activity, payment of the total amount estimated for the work had been certified. recovered whilst taking further action against those responsible. and the maintenance thereof should be done by the relevant Local Government.

(b) Transactions not Approved

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The following observation is made.

Audit Observation	Recommendation	Comment of the Accounting Officer
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(i) Payments totaling Rs. 1,001,342 had been certified with respect to 2 projects without obtaining prior approval on variation orders for contracts.	Further action should be taken against the payments made without obtaining prior approval for variation orders.	variation orders had been obtained whenever necessary, and no any payment had been made without approval.
(ii) Payments totaling Rs. 191,316 had been made without proper approval for completing the additional works of the upper floor of the Samurdhi Bank in Wasala Kotte.	Further action should be taken on doing so without proper approval. The monies so paid should be recovered.	Payments had been made under approval.
(iii) Payments had been made for variations in 09 items of work valued at Rs. 216,202 that had not	Action should be taken on the failure to follow the Procurement Guidelines.	Expenses were incurred under proper approval.

been included in the initial estimate of the project to construct the Knuckles observation room.

(c) Transactions of Fraudulent Nature

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The following observations are made.

Audit Observation	Recommendation	Comment of the Accounting Officer
(i) By fraudulently using the name of a non-functional project, the Divisional Secretariat, Yatawatta had given 20 “Zoje” sewing machines worth Rs. 840,000 to a private joint venture through forged documents.	Should be recovered from those responsible. Further action should be taken against them.	It is acknowledged that there were deficiencies in the methodology used to implement the said project and the maintenance of documents. It was an attempt to make use of the resources that had been decaying, and provide a fair solution for the trainees selected through the interview.
(ii) Even though a sum of Rs. 137,800 had been obtained by the District Planning Director as transport and fuel allowances, she had used 02 Government vehicles deployed for group transports in that period.	The loss sustained by the Government should be recovered, and further action should be taken against those responsible.	Those vehicles had been attached to 03 staff officers following their requests, and the Planning Director had under no circumstance used those vehicles privately. No action had been taken to spend Government funds on fuel for her.

(d) Other

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The following observations are made.

Audit Observation	Recommendation	Comment of the Accounting Officer
(i) An elevator had been installed at the new building of the Divisional Secretariat, Matale without the warranty certificate provided by the contractor. But, contrary to the conditions of the agreement, a sum of Rs. 2,580,600 being 50 percent of the contract value had been paid to the contractor.	Action should be taken in regard to the payment made without following the agreement, and to recover the monies overpaid.	The first installment is paid for opening a letter of credit with respect to the country from which the elevator is imported. As the total amount has not yet been paid for the elevator, it has been informed that instructions were given to rectify any errors if any prior to making the final payment.
(ii) The water pump valued at Rs. 65,000 installed for the water project in Lihinipitiya, Naula, had been taken away by the Deputy Chairman of the Pradeshiya Sabha, Naula. However, without taking legal action in that connection, a new water pump had been installed at the expenditure of Rs. 375,000.	Legal measures should be taken against the misappropriation of Government property.	As it was revealed that the water pump was in the possession of either the village development association of Lihinipitiya or the member of the Pradeshiya Sabha, the Officer in Charge of the Police in Naula was informed to conduct an investigation again and recover the water pump through a legal proceeding.
(iii) A payment of Rs. 257,386 had been made by the Divisional Secretariat, Matale for improving nearby the privately – owned house without obtaining the material inspection report.	A methodology should be followed either to make payment after obtaining the material inspection report or recover the loss in case of failing the inspection report.	Payments had been made by retaining 25 per cent of the amount based on the reports of the Technical Officers due to reasons such as, torrential rains after completion of the project, large number of projects to be implemented, and necessity to expeditiously settle the bills for the projects completed. Once the reports of quality assurance tests for the concrete are obtained in this

year, payments will be made by retaining 10 per cent.

- (iv) A sum of Rs. 717,855 had been paid despite the defects in constructions under the project to construct the damaged side wall near the playground in Paragahaela pertaining to the Divisional Secretariat, Ukuwela. The officers should be held responsible for making payments despite the failure to complete the works in accordance with the estimates. Action has been taken to correct the defects. Attention will be drawn to avert such defects in the future constructions.
- (v) The BOQ for the Knuckles observation room had been prepared without a proper evaluation by the District Secretariat. As such, the amount of works mentioned in the initial estimate with respect to 10 items of work had been altered in the range of 3-100 percent through the revised estimate. The BOQs for the projects should be prepared properly after being evaluated by the Tender Evaluation Committee. Owing to the spot changes once the project was practically being implemented after preparing the estimates, certain items were altered on the instructions of the engineers.
- (vi) In order to provide electricity connections for 13 beneficiaries whose houses had not been constructed to be suitable for having electricity supplies under the Gemperaliya programme, a sum of Rs. 376,740 had been paid by the Divisional Secretariat, Matale. Action should be taken on the failure to select beneficiaries without proper objectives. Payments on the electricity had been made in accordance with a register provided by the Ministry of National Policies and Economic Affairs; the constructions of all those houses remained incomplete by that time; and at the present day, electricity connections have been provided for all the beneficiaries.

### 3.2 Delays in Implementing Projects

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The following observations are made.

Audit Observation	Recommendation	Comment of the Accounting Officer
(a) A number of 811 projects worth Rs. 126.158 million representing 26 percent of the projects approved under the District Secretariat - Matale that should have been completed by 31 December 2019, had not been completed within the specified timeframe.	The projects should be completed within the specified timeframe thereby achieving the expected development goals.	Due to reasons such as, the projects of which agreements had not been signed or works had not been commenced after signing the agreements had to be halted following the Letter, No. BD/GPS/155/0901/HA of the Secretary to the Ministry dated 20 November 2019; failure in obtaining furniture; delays in receiving imprests; and declaration of an election, the aforementioned projects could not be completed.
(b) Agreements had been signed for 07 projects valued at Rs. 6,000,000 relating to the Divisional Secretariat, Dambulla under the Gamperaliya rapid rural development programme and the special programme for the development of infrastructure. However, the works had not been executed.	The projects should be completed on time thereby achieving the expected development goals.	It has been informed that the Divisional Secretariat, Dambulla has been instructed to prepare a detailed report on the projects that had been audited, and furnish that report before 17 September 2020.

### 3.3 Failure to Achieve the Expected Outcome

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The following observations are made.

Audit Observation	Recommendation	Comment of the Accounting Officer
(a) Constructions had been made in 06 instances incurring a sum of Rs. 5,769,793 under the water supply scheme in Lihinipitiya, Naula during 2008-2017. However, even by the end of the year under review, no consumer had been provided with water by that project.	Action should be taken to achieve the benefits expected from the projects for which funds were released.	The distribution pipeline system was heavily damaged due to the constructions of the Kosgolla – Andawala road improvement project and the water project of Matale ; as such, water could not be distributed through this scheme to the people. Rather than allocating funds further to implement this water supply scheme, it is more suitable to hand over the pipes, accessories, and fittings to the Visal Matale water project.
(b) Timber and roofing sheets worth Rs. 555,674 purchased by 02 Divisional Secretariats under the provision made under Gamperaliya programme to convert the temporary roofs to permanent roofs, had remained decaying without being used for the intended purpose.	Action should be taken to achieve the expected objectives.	The materials provided by the Divisional Secretariat, Matale owing to economic hardships faced by the beneficiaries, had remained stocked at their houses, but roofing activities have been completed at present.
(c) Although a sum of Rs. 2,040,151 had been spent on 03 projects by the Divisional Secretariat, Ukuwela, the benefits expected through those projects had not been achieved.	When provision is made and projects are implemented, those projects should be steered to ensure the fulfillment of expected objectives.	<p><i>The water extension, Thawalankoya.</i></p> <p>The water pump had been installed and the electricity was supplied in the year 2020 there thus providing 28 families with drinking water.</p>
		<p><i>Construction of bathing spot, Thalingamada.</i></p> <p>It is acknowledged that the water is not sufficient for a person to bathe. However, water exists adequately during rainy seasons.</p>
		<p><i>Improvement of common</i></p>



*bathing spot, Dumbukola.*  
 People make use of this bathing spot after being improved.

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| <p>(d) Having spent a sum of Rs. 3,685,398 out of provision totaling Rs. 3,748,000 granted in 06 instances under 5 programmes during 2014-2018, constructions of the drinking water project in Kahawatta had been executed by the Divisional Secretariat, Yatawatta. However, due to deficiencies thereof, no water supply had been provided for any consumer even by the end of the year 2019.</p>  | <p>Action should be taken to achieve the benefits expected from the projects for which funds were released. Action should be taken on spending Government funds without plans.</p> | <p>A volume of water sufficient for implementing the project could not be pumped to the tanks. Every endeavor was made to apprise the relevant parties in order to implement the project but failed to provide the beneficiaries with water.</p> |
| <p>(e) The project for improving the road leading close to a privately-owned house at Maligatenna in the division of Divisional Secretariat, Yatawatta had been implemented without felling trees on the surface of the road. Hence, the road had become narrowed. Furthermore, certain locations of the road had been constructed with steep slopes thus making it difficult for the vehicles to pass. As such, the objectives expected from the expenditure of Rs. 639,619 incurred thereon could not be achieved.</p> | <p>The officers should be held responsible for the constructions made without being possible to be effectively utilized.</p>   | <p>The road has been constructed in the width of 08 feet thereby enabling a lorry with the capacity of 01 cube to travel.</p>  |

### 3.4 Projects without Progress despite the Release of Funds

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 The following observations are made.

Audit Observation	Recommendation	Comment of the Accounting Officer
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| (a) | An installment of Rs. 2,580,600 had been paid for the installation of elevator at the new building of the Divisional Secretariat, Matale. However, the elevator had remained at the premises over an extensive period without being installed. As such, some parts had become rusty.  | As the funds are released, action should be taken to complete the relevant works.  | At the present day, the said elevator has been installed and ready to use. As total amount has not been paid, instructions have been given to rectify any defects if any, before making the final payment.   |
| (b) | The works of the project to construct the Knuckles observation room by utilizing the provision received from the Ministry of Tourism Development, Wildlife and Christian Religious Affairs had not been completed. But, having considered that the works thereof had been completed, paying a sum of Rs. 3,454,435 to the contractor had been certified after deducting 10 per cent of the retention money and 5 per cent of the special retention money from the agreed value. | Action should be taken on making payments by considering the works had been completed although the agreed works remained incomplete.                             | Despite many attempts made with the contractor to find a suitable institution to supply and install telescopes, a supplier could not be found. As such, action had been taken to make payments only for the completed items of work except the said one.           |
| (c) | Expenses totaling Rs. 39,336,630 had been incurred by 02 Divisional Secretariats of Ukuwela and Rattota for renovating roofs of the houses owned by low-income families through the Ministry of National Policies and Economic Affairs under the rapid rural development programme, Gamperaliya. However, the expected progress had not been achieved.  | Action should be taken to achieve the benefits expected from the projects for which funds were released. Further action should be taken on the failure to do so. | The progress achieved was not satisfactory due to reasons such as, non-receipt of timber and covering materials for the top of the roof, and issues relating to the labor to be obtained from the Army and roofing sheets. It is expected to conclude the project. |

### 3.5 Losses and Damages

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The following observations are made.

Audit Observation	Recommendation	Comment of the Accounting Officer
(a) Despite being informed that the contractor selected by the Divisional Secretariat, Dambulla for janitorial works relating to the years 2017 and 2018, had failed to do the cleaning properly, action had not been taken to blacklist the contractor; instead, the tender had been awarded at a higher price to another institution that had not furnished a quotation. Hence, a loss of Rs. 228,000 had been sustained with respect to the years 2017 and 2018.	The contractor who failed to adhere to the agreement should be blacklisted. The loss sustained due to contract being awarded contrary to the Procurement Guidelines, should be recovered whilst taking further action against the persons responsible therefor.	As the service rendered by Chandima Cleaning Service was unsatisfactory, their service was suspended, and without taking action to call for quotations again, the Board of Procurement decided to award the contract with effect from 01 May 2017 to A.G.R. Cleaning Service which, being a registered institute in the area, had maintained a satisfactory cleaning service at the office previously
(b) There existed a shortage of 11 body building equipment worth Rs. 141,750 that had been granted to 02 youth associations under the special programme to development infrastructure implemented by the Divisional Secretariat, Rattota.	Follow-up action should be taken on the items provided for the youth associations.	An investigation is underway by appointing an investigation officer in that connection.

### 3.6 Uneconomic Transactions

Audit Observation	Recommendation	Comment of the Accounting Officer
The Divisional Secretariat, Matale had granted furniture worth Rs. 1,400,000 to the association named “ <i>Eksath Diriya Lak Wanitha</i> ” under decentralized development proposals.	Only the items that should be granted to the registered associations, should be provided.	Furniture valued at Rs. 1,400,000 had been granted to the “ <i>Eksath Diriya Lak Wanitha</i> ” association during the years 2017, 2018, and 2019 under the provision of the Members.

### 4. Human Resource Management

The following observations are made.

Audit Observation	Recommendation	Comment of the Accounting
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Officer

- |     | -----   | -----   | -----   |
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| (a) | Vacancies for 239 officers existed relating to 21 posts at 10 Divisional Secretariats including the District Secretariat.   | Action should be taken to fill the vacancies.                                   | The reports are forwarded to the Ministry on 15 and 30 or 31 in each month. The officers were not attached to the said posts, hence the vacancies.  |
| (b) | Salaries should not be paid to the excess staff in terms of the Circular, No. 03/2018 of the Director General of the Department of Management Services, dated 18 July 2018. Nevertheless, a sum of Rs. 3,182,515 had been paid as salaries to an excess staff of 05 Development Officers, and 03 Public Management Assistant Officers along with the Assistant Director (Planning) of the District Secretariat. | The officers in excess should be attached to the offices where vacancies exist. | Following the review held to approve the staff for the District Secretariat, the documents required for approving 10 posts in the Planning Division had been forwarded to the Ministry of Internal Security, Home Affairs, Provincial Councils, and Local Government. Once the approval is received, the issue of excess employees would be solved.<br><br>The post of Assistant Director (Planning) remains in excess. Necessary action is taken to transfer the post to an office with a vacancy. |