

## **Head 275 – District Secretariat, Polonnaruwa**

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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, Polonnaruwa 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, Polonnaruwa was issued to the Accounting Officer on 30 May 2020 in terms of Sub-section 11 (1) of the National Audit Act, No. 19 of 2018 and the Detailed Annual Management Audit Report in terms of Section 11 (2) of the National Audit Act was issued to the Accounting Officer on 02 July 2020. 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 the Paragraph 1.6 of this report, the financial statements give a true and fair view of the financial position of the District Secretariat, Polonnaruwa as at 31 December 2019, and of its financial performance and cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

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

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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 opinion.

#### **1.3 Responsibilities of Chief Accounting Officer and Accounting Officer for the Financial Statements**

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Accounting Officer is 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 Accounting Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

As per Sub-section 38 (1) (c) of the National Audit Act, the Accounting Officer shall ensure that effective internal control system for the financial control of the District Secretariat exists

and carry out periodic reviews to monitor the effectiveness of such systems and accordingly make any alterations as required for such systems to be effectively carried out.

#### **1.4 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 the summary 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 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.
- In order to design audit procedures that are appropriate in the circumstances, an opinion on the effectiveness of the District Secretariat's internal control is not expressed.
- 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 fair and reasonable manner.
- In the overall presentation, structure and content of 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.

#### **1.5 Report on Other Legal Requirements**

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

- (a) The financial statements presented for the year under review were in consistent with the preceding year.

- (b) Recommendations on the financial statements made by me in respect of the preceding year had been implemented.

## 1.6 Comments on financial statements

### 1.6.1 Financial Statements, not complied with Circulars

Audit Observation	Recommendation	Comments of the Accounting Officer
Even though, an imprest adjustment account should be prepared in terms of paragraph 7(vi) of the Public Finance Circular No.271/2019 of 03 December 2019, it had not been prepared.	An imprest adjustment account needs to be prepared in terms of the circular.	It was informed that action will be taken in due course.

### 1.6.2 Statement of Financial Performance

The following observations are made.

Audit Observation	Recommendation	Comments of the Accounting Officer
(a) The value of receipts of advances in accordance with the books of District Secretariat amounted to Rs.31,372,282 whereas according to the financial statements it had been shown as Rs.34,443,383, showing a difference of Rs.3,071,101.	A reconciliation between the balance of the District Secretariat and the balance in the financial statements needs to be done.	It was stated that there is no difference.
(b) According to the books of the District Secretariat the total of other receipts amounted to Rs.232,991,036 and the balance as per the financial statements amounted to Rs.233,342,838, thus showing a difference of Rs.351,802.	A reconciliation between the balance of the District Secretariat and the balance in the financial statements needs to be done.	It was informed that it had happened due to an adding mis-take.
(c) A difference of Rs.15,881,645 was observed between the monthly accounts summaries in the Direct Secretariat relating to three objects as at 31 December 2019 and the Treasury Computer Printouts.	Treasury Computer Printouts and records of the District Secretariats need to be reconciled.	It was informed, that these are debits made by the Treasury.

### 1.6.3 Statement of Financial Position

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The following Observations are made.

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
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(a) The expenditure of 3 capital expenditure objects as per votes Ledgers, amounted to Rs.449,232,312 whereas the value of purchase of fixed assets relate to those objects according to the financial statements amounted to Rs.448,624,036, thus a difference of Rs.608,276 had existed. The reason for such difference was not made available to audit.	Assets accounts need to be correctly accounted.	It was informed that there is no difference.
(b) Evidence to establish the value of Rs.110,276,600 shown under the works in progress as mixed urban and included in the value of land and of the statement of non-financial assets was not made available to audit.	Evidence to establish the value needs to be made available.	No reply is received.

### 1.6.4 Non-maintenance of books and records

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Audit test check observed that the following registers had not been maintained by the District Secretariat and certain registers had not been properly maintained and updated.

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
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(a) <u>Security Register</u> A security register containing the details of officers required to give security should be maintained in terms of Financial Regulation 891(1) but such a register had not been maintained in an updated manner, by the District Secretariat.	A security register containing the information stated in the Financial Regulation 891(1) should be maintained in respect of officers required to give security.	It was informed that the officers were made aware to maintain such registers.

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| (b) | <u>Inventories of Electrical Fittings</u><br>A register of Electrical Fittings had not been maintained by the Divisional Secretariats of Medirigiriya, Elahera, Dimbulagala and Hinguraggoda in terms of Financial Regulation 454(2). | As stated in Financial Regulation 454(2) inventories of all electrical fittings, apparatus in government buildings should be prepared and maintained. | It was informed that the officers were made aware to maintain such registers. |
| (c) | <u>Register of Losses</u><br>Even though a register of losses needs to be maintained in terms of Financial Regulation 110, the District Secretariat had not updated the register of losses.   | In terms of the form under the Financial Regulation 110 needs to be updated.  | It was informed that the officers were made aware to maintain the registers.  |
| (d) | <u>Vehicles Listing Register</u><br>A Vehicle Listing register needs to be maintained in terms of Financial Regulation 1647 had not been maintained by the District Secretariat.  | A Vehicle Listing register should be maintained in terms of Financial Regulation 1647(e).   | It was informed that the officers were made aware to maintain the registers.  |

**1.6.5 Assurance to be given by the Accounting Officer**

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According to the provisions in section 38 of the National Audit Act No.19 of 2018, the Accounting Officer should ensure the following matters, but action had not been taken accordingly.

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
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(a) The Chief Accounting Officer and the Accounting Officer should ensure that an effective internal control system for the financial control is prepared and maintained 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. The review to be carried out by the Accounting Officer shall be in writing and copies of the	Action need to be taken in terms of provisions in Section 38 of the National Audit Act No.19 of 2018.	No reply is received.

same should be made available to the Auditor General. The statement stating that such a review had been carried out was not made available to audit.

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| (b) | The Accounting Officer should ensure that all audit queries be answered within the specific time as required by the Auditor General. However, audit queries had not been answered as mentioned in Paragraph 3.10 of this report. | Action need to be taken in terms of provisions in section 38 of the National Audit Act No.19 of 2018. | No reply is received. |
| (c) | The Accounting Officer should ensure that an effective mechanism exists to conduct an internal audit. However such requirement had not been fulfilled as per observations stated in Paragraph 5.2 of this report.                | Action need to be taken in terms of provisions in section 38 of the National Audit Act No.19 of 2018. | No reply is received. |

**1.6.6 Non-compliance with Laws, Rules and Regulations**

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 Instances of non-compliances with Laws rules and regulations observed at audit test checks appear below.

<b>Audit Observation</b> -----		<b>Recommendation</b> -----	<b>Comment of the Accounting Officer</b> -----
<b>Reference to Laws, Rules and Regulations</b> -----	<b>Non-compliance</b> -----		
(a) Financial Regulation 1647 of the Democratic Socialist Republic of Sri Lanka.	A detailed inventory for vehicle including accessories thereof had not been maintained by the District Secretariat Dimbulagala and Medirigiriya, Divisional Secretariats.	A detailed inventory containing all accessories needs to be maintained in terms of Financial Regulation 1647.	It was informed that, officers were made aware.
(b) Circular No.2/2017 of 21 December 2017 of the Secretary to the	Even though, it is stated that every motor vehicle belongs to the government should be	Action needs to be taken to get the ownership of vehicle transferred.	It was informed that, officers were made aware.

Ministry of Finance and Mass media. registered in the name of the relevant entity, action had not been taken to transfer the ownership of 34 motor vehicles given to the Divisional Secretariats of Dibulagala, Welikanda, Medirigiriya, Hingurakgoda, Lankapura and Ela-hera.

- (c) Treasury Circular No.1/2018 of 19 March 2018. Even though instructions have been given to take action to dispose of vehicles which cannot be operated, action had not been so taken in respect of 8 motor vehicles belong to the District Secretariat which had been discarded from running. In terms of Circular, action needs to be taken to dispose of the motor vehicles exist not in running condition. It was informed that it is agreed with the audit observation.

## 2. Financial Review

### 2.1 Imprest Management

#### Audit Observation

The difference between the imprest planned and requested amounted to Rs.16,211,222,000 whereas the differences between the requested imprest and the imprest received and the imprest planned and the imprest received amounted to Rs.7,806,954,000 and Rs.7,951,616,000 respectively.

#### Recommendation

The imprest needs to be planned appropriately.

#### Comments of the Accounting Officer

It was informed that the imprest requirement had not been sufficiently given by the Treasury.

## 2.2 Revenue Management

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The following observations are made.

<b>Audit observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
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(a) The outstanding house rent of Rs.153,600 recoverable from an officer occupied in an official quarter belongs to the Divisional Secretariat Medirigiriya had not been recovered.	Action needs to be taken to recover the outstanding money.	It was informed that future action is being taken.
(b) The Medirigiriya Divisional Secretariat had not taken action to recover the outstanding land tax revenue totaling Rs.802,504 due from 5 tenants as at 31 December 2019.	Action needs to be taken to recover the outstanding tax income.	It was informed that the audit observation is agreed.
(c) A sum of Rs.21,050 had not been recovered from a Former Accountant of the Hinguragala Divisional Secretariat in respect of the use of official quarter during the period 2002 to 2004.	Action needs to be taken to recover the outstanding income.	It was informed that the officers were made aware to take expeditious action.
(d) Since the lease rents from 25 lessees at Thamankaduwa Divisional Secretariat had not been paid, the outstanding lease rent of Rs.226,940 and interests thereon had to be recovered.	Action needs to be taken to recover the outstanding tax income.	It was informed that instructions had been given to follow up.
(e) The total lease rentals due from 26 land lessees as at 31 December 2019 in the Divisional Secretariat, Hinguraggoda amounted to Rs.475,069.	Lease rentals need to be recovered properly and legal action in respect lessees, not paid rentals should be taken.	It was informed that officers were made aware to recover the lease rentals.
(f) The outstanding penalty rent amounting to Rs.207,387, recoverable from a retired Technical Officer who resided for 31 years after the lapse of	In this regard, action has to be taken to repossess the house property to the District Secretariat in terms of Section 7.1 of	Agreed with observation and action is being taking to repossess the house.



agreement period had not been recovered by the District Secretariat.

Chapter xix of the Establishments Code and to recover the penalty rent.

### 2.3 Expenditure Management

#### Audit observation

#### Recommendation

#### Comments of the Accounting Officer

Of the money received by the District Secretariat for six expenditure heads, percentage ranging from 16 to 67 had been saved without being spent.

Expenditure needs to be correctly estimated and manage the expenditure.

It was informed that expenditure being controlled and spent economically.

### 2.4 Utilisation of provisions given by the other Ministries and Departments

The following observations are made.

#### Audit observation

#### Recommendation

#### Comments of the Accounting Officer

(a) Out of the Provisions totalling Rs.1,485,444,862 given to 59 programmes relate to 23 Heads of other Ministries and Departments, Provisions totalling Rs.443,703,581 ranging from 10 to 100 per cent had saved.

Provisions need to be used for the relevant purposes.

Not replied.

(b) Exceeding the provisions given by other ministries and departments in 6 Heads for 9 objects, a sum of Rs.605,583 had been paid.

Expenditure needs to be incurred within the approved limits.

Not replied.

### 2.5 Reconciliation Statement of the Advances to Public Officers Account

The following observations are made.

#### Audit observation

#### Recommendation

#### Comments of the Accounting Officer

(a) According to the advance register of the central

If this money could not be recovered from the

Not replied.

government in the Divisional Secretariat, Dimbulagala, there was a loan balance of Rs.45,075 recoverable from an officer who vacated the service in the year 2000.

debtor or sureties, action should be taken to write off from books.

(b) Employees loan balances of Rs.554,463 due from 2 officers who had been interdicted while they were in service in the Divisional Secretariats of Dimbulagala and Elahera had not been recovered.

Action needs to be taken to settle loan balances, soon.

Not replied.

(c) Action had not been taken to settle loan balances of Rs.155,126 of 3 officers who had gone on transfers to the Ministries and Department of the Provincial Council, under the provincial council advance account in the Dimbulagala Divisional Secretariat.

Action needs to be taken to settle loan balances.

Not replied.

## 2.6 Issue and Settlement of Advances

### Audit observation

According to the Financial Regulation 371(5), as amended by Public Finance Circular No.03/2015 dated 14 July 2015 Ad-hoc sub-impressts need to be settled, within 10 days after the purpose for which it is granted. Nevertheless, ad-hoc sub impressts totalling Rs.297,900 given in 10 instances by Welikanda Divisional Secretariat had been settled after a delays ranging from 04 days to 165 days in the year 2019. Furthermore, sub-impressts

### Recommendation

Ad-hoc sub impressts need to be settled within 10 days after the task was completed.

### Comments of the Accounting Officer

Officers were made aware.

totalling Rs.279,585 issued by the District Secretariat in 15 instances had been settled after delays of 16 to 200 days and sub imprests totalling Rs.465,000 issued by the Dimbulagala Divisional Secretariat in 13 instances had been delayed ranging from 50 days to 290 days.

## 2.7 Deposit balances

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The following observations are made.

Audit observation	Recommendation	Comments of the Accounting Officer
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(a) In terms of Financial Regulation 571 (1), lists of all deposits which have lapsed must be prepared at the close of each half year. However, action had not been taken so by the Divisional Secretariat Welikanda.	A list must be prepared at the close of each half year.	Officers were made aware.
(b) Action had not been taken to credit 13 deposits valued at Rs.87,495 to government revenue which had lapsed for more than 2 years as at 31 December 2019 in the Dimbulagala Divisional Secretariat in terms of Financial Regulation 571 (3).	Lapsed deposits need to be taken to government revenue.	Not replied.
(c) Of the money received for various programmes from other Ministries and Departments, 7 deposits valued at Rs.1,201,000 had been kept underutilised in the Welikanda Divisional Secretariat since those programmes were not executed.	Money should be utilised for the intended purpose.	It was informed that except one deposit, project relating to other deposits had been executed.

## 2.8 Imprest Balance

<b>Audit observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
An unsettled imprests balances of Rs.1,601,143 had existed as at 31 December 2019 in the District Secretariat.	Action needs to be taken to settle at the end of the year under review.	It was informed that the reason for this difference is due to non-receipt of money reimbursable from the Department of Elections.

## 2.9 Operation of Bank Accounts

<b>Audit observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
In the cheques issued but not presented for payments stated in the Banka reconciliation statements in January 2020 of the Welikanda and Dimbulagala Divisional Secretariats, one cheque valued at Rs.28,885 and 10 cheques valued at Rs.1,088,144 had not been handed over to the respective payees even by 10 February 2020, the date of audit and kept with the officer in charge of the subject.	Action should be taken to deliver the cheques to the payees without delay.	It was informed that instructions have been given to Welikanda Divisional Secretariat to deliver the cheques as soon as possible. No reply has been received from the Dimbulagala Divisional Secretariat.

## 3. Operating Review

### 3.1 Non-performance of functions

The following observation is made.

<b>Audit observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
(a) An action plan had not been prepared by the District Secretariat for the year 2019.	An action plan needs to be prepared.	Not replied.
(b) In terms of Circular No.2/2018 of 29 January 2018 of the Ministry of Home Affairs as	Action needs to be taken in accordance with the circular.	It was informed that Welikanda Divisional Secretariat will take action soon in this connection.

amended by Circular No.2/2018(1) of 31 March 2018, annual targets for main 05 services of a Divisional Secretariat need to be determined but Welikanda Divisional Secretariat had not acted accordingly.

### 3.2 Non-ascertainment of expected output levels

Audit observation	Recommendation	Comments of the Accounting Officer
<p>Without using the measuring equipment in the Nelsanpura Nila Piyasa, street development project being concreted, concreted had been mixed-up without appropriate standard. Further, the drain of both side of the road had been made with 4 inches instead of 6 inches as per the estimate and without laying polythene the road had been concreted.</p>	<p>Projects need to be executed with an appropriate standard in accordance with the agreement.</p>	<p>It was informed, that instructions have been given to use survey equipment.</p>

### 3.3 Non-achievement of intended outcome

Audit observation	Recommendation	Comments of the Accounting Officer
<p>Even though a Computer Laboratory had been put up by the Divisional Secretariat Dimbulagala in a land belongs to the Mahaweli Authority under the "Sukitha Purwara" programme by incurring an expenditure of Rs.972,328, the building had been underutilised since further development works have to be done.</p>	<p>Be effectively utilised.</p>	<p>Not replied.</p>

### 3.4 Delays in the execution of Projects

<b>Audit observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
Seven projects proposed to be implemented by the Divisional Secretariat Dimbulagala during the year under review on a provision of Rs.8,306,695 had not been implemented.	From the provisions received, the people must be benefited, without delay.	Not replied.

### 3.5 Projects not shown progress but funds had been released

The following observations are made.

<b>Audit observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
(a) A sum of Rs.994,825 given to 4 gramashakthi societies in the Elahera Divisional Secretariat division for livelihood development, a sum of Rs.200,000 given to one society in the Lankapura Divisional Secretariat Division for infrastructure development and a sum of Rs.550,000 given to 2 societies for livelihood development had remained idle without being utilised.	Funds need to be efficiently utilised.	Divisional Secretariat Elahera had informed that audit observations are agreed and no reply from the Divisional Secretary Lankapura.
(b) Out of six Gramashakthi societies established by the Divisional Secretariat Welikanda, only 2 societies had established "Visko" loan societies enabling to grant loans. Only one society had issued loans. Even though a sum of Rs.4,663,350 had been given to those societies only a loan of Rs.310,000 had been granted.	Funds need to be efficiently utilised.	Instructed to update the affairs of societies.

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| (c) | Of the money given under the Gramashakthi Janatha Programme by the Divisional Secretariat Dimbulagala in the year 2018, the amounts utilised for the Livelihood Development and capacity development were 32 per cent and 17 per cent respectively. Despite that the second instalment had also been released.  | After being considered the success fullness of the projects, provisions need to be released. | It was informed that this year, it will be brought to more active level.                                    |
| (d) | Out of the money given to 3 societies under the Gramashakthi Janatha Programme by the Thamankaduwa Divisional Secretariat for livelihood development, any money whatsoever had not been spent. Of the money given for capacity development, one society had failed to spend any money and the percentages spent by another two societies had been at a low level as 8 per cent and 11 per cent. | Funds must be efficiently utilised.  | It was informed that the Divisional Secretariat were made aware that they have to reach project objectives. |

**3.6 Procurements**

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 The following observations are made.

<b>Audit observation</b>	<b>Recommendation</b>	<b>Comment of the Accounting Officer</b>
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(a) Contrary to the Paragraph 3.4 to the Public Finance Circular No.01/2012 dated 05 January 2012, the Divisional Secretariat Lankapura had awarded contracts to Community Based Organizations operate outside the grama niladhari division.	Contracts need to be awarded to voluntary organizations within the authority limit as per circular instruction.	Since more than 3 contracts cannot be awarded to one community based organization, it was informed that contracts had been awarded to the nearest organizations there to.
(b) Project comprising the construction of a new stadium in the Aluthoya division and to put up a day and night volley	Had the contracts awarded to voluntary organization been sub-contracted, such	Having being made written inquiries, they will be black listed.

ball sports ground awarded by the Divisional Secretariat Dimbulagala had been sub-contracted by the relevant societies.

organizations should be black listed.

(c) A procurement plan had not been prepared for the year 2019 by the Divisional Secretariats of Medirigiriya, Welikanda and Lankapura in terms of the section 4.2.1 in the procurement manual.

A procurement Plan needs to be prepare in terms of the procurement manual.

Instructed the Divisional Secretariat to prepare a procurement plan.

(d) Without being ensured the matters stated in paragraph 3.2 of the Public Finance Circular No.01/2012 and Section 3.9.1 of the procurement manual, the Divisional Secretariat Thamankaduwa had given 108 projects included in the gamperaliya programme the estimated value of which amounted to Rs.90.33 million to Community Based Organizations.

Contracts need to be awarded to voluntary organisations as per the instructions of the procurement manual and relevant circulars.

It was informed that audit observations were agreed.

(e) (i) Being given reasons that the first stage will be completed before 25 November 2017, the requirement of completing the project before 2018 and deduction of expenses to be incurred for preliminary works, the performance of the 2<sup>nd</sup> stage of the proposed District Secretariat building had also been awarded to the contract to the institution by which the first stage is constructed. Nevertheless, the first and the second stages of this project had not been completed even by 31 May 2020.

The contract should be awarded to a bidder with transparency under the competitive quotation.

Agreed with the audit observation.



(ii) The expenditure on preliminaries of the District Secretariat building had increased by Rs.38,471,918 as compared with the first stage. Even though the negotiated rates had been determined based on the first stage rates when payments were made, such prizes had not been applied. Since the payments have been made for the second stage without being used the rates of first stage an over payment of Rs.186,756,603 was observed.

Payments need to be made in accordance with the agreed rates.

Existence of a time gap between the first stage and the second stage had caused there to.

(iii) In terms of the agreement the first stage of the construction of District Secretariat building had to be completed before 25 November 2017 but it had not been completed even by 16 December 2019. The demurrage charges recoverable for these delays amounting to Rs.11,250,000 had not been recovered.

Demurrage charges need to be recovered as specified.

It was informed that the Engineer had recommended to extend the period up to 20 February 2020.

(iv) According to the agreement of the construction of District Secretariat Building project, the minimum interim payment amounts to Rs.25 million but bills less than Rs.25 million had been certified.	Bills need to be certified in terms of agreed terms.	As per cash requirement of the construction firm payments had been made.
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### 3.7 Assets Management

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The following observations are made.

<u>Audit Observation</u>	<u>Recommendation</u>	<u>Comments of the Account Officer</u>
(a) Two persons encroached two government quarters situated in the land demised by the Mahaweli Authority to operate the Samurdhi Bank from the Dimulagala Divisional Secretarial division. Even though, they have been informed to hand over the houses back, they had not handed back. A rental had also not been recovered for the period they occupied the houses.	Encroachers must be removed and rents have to be recovered promptly.	Not replied.
(b) The ownership of 24 lands in which Nila Sewana office is located, belongs to the Divisional Secretariat Elahera had not been under taken by the Divisional Secretariat from the Mahaweli Authority.	Action needs to taken to get the ownership of lands transferred.	Instructed to the officers.
(c) An official quarter, constructed by the National Housing Development Authority and handed over to the Divisional	Action has to be taken to get the houses repaired and used and to settle outstanding dues.	Action it being taken to get the provision to pay the assessed value.

Secretariat, Hinguraggoda has now become unusable level and an assessed value of Rs.118,048 and the monthly assessed instalment of Rs.35,193 had to be paid to the National Housing Authority.

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| (d) | The value of a lorry bowser and two tractor bowsers exist in the Welikanda Divisional Secretariat in the name of District Secretary had not been identified and entered to 'CIGAS' programme as assets. | The value of assets needs to be taken to accounts. | It was informed that instructions have been given to include it to the 'CIGAS' programme. |
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### 3.8 Losses and Damages

The following observations are made.

<u>Audit Observation</u>	<u>Recommendation</u>	<u>Comments of the Account Officer</u>
(a) According to the full report on accident caused to vehicle No.59-8974 on 25 June 2010 in terms of Financial Regulation 104(4) it was decided that the value of Rs.230,000 loss relating to the accident to be recovered from a former Divisional Secretary. However, action had not been taken to recover such loss.	Action needs to be taken to get it recovered.	Not replied.
(b) Eighty four roofing sheets valued at Rs.160,902 ordered by the District Secretariat for the distribution among beneficiaries had been cracked but the related loss had not been recovered from the supplier.	Loss needs to be recovered.	It was informed that the supplier had agreed to replace cracked sheets.
(c) Since there is a contradiction in the information provided to the Insurance company and stating that conditions of the insurance agreement have been breached, the insurance company had	Loss needs to be recovered as per financial regulation.	Agreed the observations. Further action is being taken.

rejected to reimburse the value of damage amounting to Rs.1,007,750 caused to the lorry bearing No.NCLM-9315 on 05 June 2018 which met with accident.

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| (d) | The value of loss caused to the cab bearing No.PA/4979 from the vehicle accident met on 23 October 2018 had been estimated to Rs.241,700 by the preliminary test and the value reimbursed by the insurance coverage amounted to Rs.165,450. Having being conducted a full inquiry in terms of Financial Regulation 104(4), the value of loss amounting to Rs.76,250 incurred by the government had not been recovered. | Full inquiries need to be conducted in respect of losses.                     | It was informed that action is being taken to write off the value of loss from the books.          |
| (e) | The loss income incurred due to accident caused to motor cab, bearing No.PA/4979 on 13 June 2017 belongs to the District Secretariat had been revealed at Rs.427,930 and the loss of Rs.63,923 caused to government which had not been reimbursed by the insurance coverage had not been recovered.  | Action has to be taken in respect of losses in terms of Financial Regulation. | Final report has not been received. After the receipt of full report, future action will be taken. |

### 3.9 Unreplied audit queries

<u>Audit Observation</u>	<u>Recommendation</u>	<u>Comments of the Account Officer</u>
Replies to 2 audit queries issued relating to the year 2019 had not been given.	Audit queries should be replied within the specific time frame.	Not replied.

### 3.10 Management Inefficiencies

The following observations are made.

<u>Audit Observation</u>	<u>Recommendation</u>	<u>Comments of the Account Officer</u>
(a) The paragraph 6(11) of the circular No.96/05 of 01 August 1996 issued by the Department of Land Commissioner General at least one month before the date of payments of taxes, notices should be sent to the lessees. Action had not been taken to send such notices to all taxpayers by the Elahera Divisional Secretariat.	Notices need to be sent on due date.	Instructed to officers.
(b) "Puja Bhumi" deeds had not been issued for 10 sanctuaries by the Divisional Secretariat Elahera and deed of transfers had not been issued to 12 public institutions.	Being paid attention on lands not given "Puja Bhumi" deeds and deed of transfers, action should be taken to issue such certificates.	It was informed that action has been initiated to issue deeds and transfers.
(c) The widowers pension of an officer who had drawn widowers pension salary under the number 20-700006 in the Dimbulagala Divisional Secretariat, had been credited to the bank account as the beneficiary had not informed the death occurred on 04 November 2014 to the Divisional Secretariat. The amount credited to the bank account up to October 2016 from the date of death was Rs.420,776. However, the overpayment had not been recovered.	Certain action needs to be taken in respect of not informing the pensioner's death. Action should be taken to recover the money unlawfully obtained soon.	Not replied.
(d) An over payment of Rs.712,828 made to two pensioners had not been recovered even by 10 February 2020, the date of audit by the Divisional Secretariat, Dimbulagala.	Action needs to be taken to recover the overpaid amount.	Not replied.

- (e) The revenue of Rs.2,501,253 collected in the Transport Section of the Dimbulagala Divisional Secretariat in January 2019 had been banked after a delay of 3 days to 19 days. On the same day or immediately the collected revenue should be banked. Not replied.
- (f) Of the money paid as kidneys allowance and elders allowance during the year under review a sum of Rs.3,616,100 which had not been taken by beneficiaries was returned by the post offices to the Dimbulagala Divisional Secretariat after delays from 2 months to 05 months. Attention had not been drawn to formulate a method to pay this money for persons awaiting in the waiting list. A methodology needs to be formulated to get down the unpaid allowances back to the office. Not replied.
- (g) Since 13 threshing floors put up under the “pibidemu” Pollonnaruwa and infrastructure development projects within the Dimbulagala Divisional Secretariat area in the year 2018 had not been transferred to the eligible institutions, the responsibility to repair or use of them and not been entrusted to anybody. Having being transferred to eligible institutions, maintenance and susage need to be regularised. Not replied.
- (h) From the provisions of Rs.58,129,000 received by Divisional Secretariat at Elahera for the payment of elders allowance, kidneys allowance and handicapped persons’ allowance, a sum of Rs.1,466,700 had been returned without being paid. Being verified the reason why they do not get the money, if any beneficiaries who do not require the allowances, they have to be removed from the List and action has to be taken to pay this money to those who are in the waiting list. In place of persons who do not get the allowances continuously at least for 3 months, persons in the waiting list will be included.

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| (i) | The Land Kachcheri held in the year 2015 for 549 blocks of land holders had been cancelled by the Elahera Divisional Secretariat and suitable action had not been taken against the block holders.                            | Land Kachcheries need to be held again for Land Kachcheries cancelled. | It was informed that, reminders have been sent to the Commissioner of Land and after getting the reply future action will be taken. |
| (j) | Number of tax files now opened by the Divisional Secretariat, Elahera in the domains, the land ownership belongs to the Provincial Council amounts to 230 but the number of tax recoverable files are Limited to 43.          | Action needs to be taken to recover tax from all tax files.            | It was informed that the recovery of outstanding taxes is initiated.  |
| (k) | According to the tax ledger in the Elahera Divisional Secretariat, the outstanding taxes and interest thereon recoverable from 24 lessees as at 31 December 2019 amounted to Rs.6,225,745.                                    | Outstanding taxes need to be recovered soon.                           | Action has been taken to recover.   |
| (l) | A land given on award paper by the Divisional Secretariat, Elahera had been used to put up two transmission towers, exterior to the objectives of the award paper obtained.   | Lands with award papers have to be used under the relevant conditions. | It was informed that it was not properly disposed of and the land owner had not handed over the award paper to the government.      |
| (m) | Out of the survey orders, 455 sent to the Survey Department by the Divisional Secretariat, Medirigiriya during the years 2018 and 2019, 274 survey orders had not been received even by the 27 January 2020.                  | Attention needs to be paid to bring down survey orders.                | It was informed that audit observations are agreed.   |
| (n) | Out of 380 survey claims sent to the Survey Authority by the Hinguraggoda Divisional Secretariat during the year 2019, Surveys on 254 claims had not been conducted representing more than 66 per cent of the total requests. | Attention needs to be paid to bring down survey orders.                | It was informed that instructions have been given to maintain a register enabling to identify surveys not received.                 |

- (o) 'Pujabhumi' deeds had not been issued to 29 sanctuaries in the Thamankaduwa Divisional Secretariat. Action needs to be taken to issue 'Pujabhumi' deeds. Necessary action is being taken.
- (p) Transfer of deeds in 190 government institutions belongs to Thmankaduwa Divisional Secretariat had not been issued. Deed of transfers of lands need to be given to public entities. Transfers are being carried out.

### 3.11 Loans receivable from tenants

Audit observation	Recommendation	Comments of the Accounting Officer
In terms of paragraph 6(ii) of the Circular No.96/05 of 01 August 1996 issued by the Land Commissioner General's Department, a notice should be sent to the tenants before one month from the specific date of payment. However action had not been taken to send such notices to 13 tenants of them by the Divisional Secretariat Thamankaduwa.	Action should be taken to send notices to tenants as per the circular.	It was informed that audit observations are agreed.

### 3.12 Irregular Transaction

The following observations are made.

Audit observation	Recommendation	Comments of the Accounting Officer
(a) Without being selected beneficiaries after being conducted a formal survey, equipment totalling Rs.2,199,356 had been purchased for 136 beneficiaries named by the member of Parliament, in respect of Livelihood development, by the Divisional Secretariats of Dimbulagala and Hinguraggoda.	Beneficiaries need to be selected with transparently.	It was informed that beneficiaries were identified as at approved date.



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| (b) | In making payments to “concreting Parakumpura CP mawatha onward road project ” by the Medirigiriya Divisional Secretariat, an over payment of Rs.52,437 had been made for the depth of curb wall thereof, for 0.074 meters.   | Payments must be made after been checked correctly. If an overpayment made it should be surcharged. | Informed that the loss will be recovered from the retention money.   |
| (c) | Wires used for the concrete in the project for the development of road towards the house No. 21 in No.252 Bogaswewa Grama Niladhari domain under the Gamperaliya programme by the Divisional Secretariat Dimbulagala was detached and certain wires had been used under the polythene cover on which concrete had been put. It was further observed that wires had not been used in certain places. | Projects need to be executed with specific standards and there should be proper supervision.        | It is stated that it had not happened so.  |
| (d) | Even though the economic rent of the government quarters had been assessed for the years 2017, 2018 and 2019 valid for years 2015 and 2016 as well, without being recovered such assessed rent the Divisional Secretariat Elahera had recovered the economic rent for government quarters based on the old assessment made in the year 2013. The under recovered account was Rs.87,000.             | Rent has to be recovered on the correct assessment.   | It was informed that outstanding instalment and the correct economic rent will be recovered in due course. |
| (e) | The Welikanda cultural centre had not been opened even by 31 December 2019. The fence put up around the building had been destroyed by elephants and an over payment of Rs.97,748 had been made thereof.  | Overpayments need to be recovered.  | Agreed with the audit observation.   |

(f)	An overpayment of Rs.409,161 had been made for projects executed under the gamperaliya programme in the Welikanda Divisional Secretariat.	Overpayment need to be recovered.	Agreed with the audit observation.
(g)	Even though payments had been made for making 266.15 meters rural road under the special programme of rural infrastructure facilities development, at the physical verification only 258.1 meters had been made and as such an over payment of Rs.114,442 had become made.	Overpayment need to be recovered.	Agreed with the audit observation.
(h)	In computing rates in the projects executed under the gamperaliya rural development programme by the Hinguraggoda Divisional Secretariat, rates had been determined by evading provincial rates and as such an overpayment of Rs.2,646,747 had been made.	In the preparation of estimates, provincial rates need to be considered.	Informed that no loss to the government.

### 3.13 Unapproved Transactions

<b>Audit observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
The approval of variances of the construction of stage 2 of the proposed District Secretariat building had not been done even by 6 December 2019 but payment had been made therefor.	To get the variances approved	Informed that it would take more time to identify the variances and value.

### 4. Reaching Sustainable Development Goals

<b>Audit observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
According to the scope of District Secretariat for the roaching of 2030 sustainable development and its goals,	For the measurement of sustainable development progress indicators and stakeholders need to be identified.	Not replied.

comprising 244 indicators, 169 targets and 17 objectives, indicators and stakeholders for the measurement of sustainable development progress had not been identified.

## 5. Good Governance

### 5.1 Accomplishment of Services to General Public

The following observations are made.

Audit observation	Recommendation	Comments of the Accounting Officer
(a) Even though persons 1146 without national identity cards had been identified within the authority areas of Hinguraggoda and Medirigiriya Divisional Secretariat, necessary action had not been taken to issue there national identity cards after making them aware.	Being identified the persons without national identity cards at gramaniadhari domain level identity cards need to be issued.	Informed that action is taken to issue National Identity Cards by Divisional Secretariats.
(b) Of the applications referred by the mobile service conducted in the year 2017 for persons registered as voters in the Medirigiya Divisional Secretariat area but do not have birth certificates, follow up action had not been taken in respect of not issuing 243 national identity cards by 31 December 2019.	Being followed up action needs to be taken to issue identity cards soon.	Informed that follow up had been made.
(c) Since the provisions allocated annually are insufficient, 1507 persons who are qualified for kidneys allowance and elders allowance within the area of Welikanda Dimbulagala and Medirigiriya Divisional Secretariat had to be waited in the waiting list as at 31 December 2019.	Necessary action needs to be taken to provide benefits to those who are qualified by getting more provisions.	Informed that only approved beneficiaries are paid from provisions received annually.

## 5.2 Internal Audit

### Audit observation

Even though it was informed in the reply given to the audit query No. NCP/PLI/DSPL/2019/AQ/02 that it would get an in depth check done through the Internal Audit Division in respect of discrepancies happened in the distribution of asbestos sheets and cement among beneficiaries under the 'Gamperaliya' programme, such an internal audit had not been carried out up to now.

### Recommendation

An internal audit has to be carried out as per district secretariat instructions.

### Comments of the Accounting Officer

Not replied.

## 5.3 Audit and Management Committee

The following observations are made.

### Audit observation

According to the Circular No.06/2018 dated 07 August 2018 of the Home Affairs, Divisional audit and management committee should be held at Divisional Secretariat Level atleast once in quarter. However, Welikada, Thamankaduwa, Medirigiriya, Lankapura and Dimbulagala Divisional Secretariats had not held audit and management committee for the 4<sup>th</sup> quarter of the year 2019.

### Recommendation

Audit and management committee needs to be held for every quarter.

### Comments of the Accounting Officer

Not replied.

**6. Human Resources Management**

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**Audit observation**

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Based on the forms stated in annexe 01 and 02 of the Public Administration Circular No.02/2018 dated 24 January 2018 action had not been taken to sign performance agreements and to prepare human resources plan by the Divisional Secretariats of Elahera, Welikanda, Medirigiriya and Dimbulagala. Similarly in terms of paragraph 6.5 of the Circular, a senior officer being entrusted the responsibility to organise human resources and capacity development programmes, conducting skill development programme had not been appointed.

**Recommendation**

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Necessary action needs to be taken to comply with relevant circulars.

**Comments of the Accounting Officer**

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Medirigiriya and Welikanda Divisional Secretariat had informed that action in this regard will be taken in due courses and Dimbulagala Divisional Secretariat had not replied.