

## **Head 261-District Secretariat, Galle**

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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, Galle for the year ended 31 December 2019 comprising the statement of financial position as at 31 December 2019 and 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. In terms of Sub-section 11(1) 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, Galle was issued to the Accounting Officer on 29 May 2020. In terms of Sub-section 11(2) of the National Audit Act, the Annual Detailed Management Audit Report relating to the District Secretariat, Galle was issued on 24 June 2020 to the Accounting Officer. This report which should be read in conjunction with Article 154(6) of the Constitution of the Democratic Socialist Republic of Sri Lanka is submitted to Parliament in terms of 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 give a true and fair view of the financial position of the District Secretariat, Galle 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 Responsibility of the Chief Accounting Officer and the Accounting Officer for the Financial Statement**

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The Chief Accounting Officer and the 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 in terms of Section 38 of the National Audit Act, No.19 of 2018 and for such internal control as the Chief Accounting Officer and the Accounting Officer 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 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 of the District Secretariat, Galle.

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

### **1.4 Auditor's Responsibility for 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 summary report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, 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, 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, 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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As required by Sub-section 6 (d) and Section 38 of the National Audit Act, No.19 of 2018, I state the followings:

(a) that the financial statements of the year under review are consistent with the preceding year.

(b) recommendations made by me on financial statements of the preceding year has not been included in the financial statements of the year under review.

## 1.6 Comments on Financial Statements

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### 1.6.1 Statement of Financial Position

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<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
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Other equipment and machinery valued at Rs.261,001 had not been included in the financial statements of the year 2019.	All assets should be correctly included in the financial statements and be compared with the Treasury print out.	It had been mentioned that incorrect recording of several items in entering the value of property, plant and equipment into the CIGAS programme, had been the reason therefor.

### 1.6.2 Cash Flow Statement

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<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
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A balance of Rs.4,633,149 had been shown as sale of assets in the Format ACA-6 in the financial statements. The said balance had not been shown as sale of assets under cash flows generated from investment activities of the cash flow statement.	Money received from sale of assets should be shown under cash flows.	In terms of the State Accounts Circular No. 271/2019 dated 03 December 2019, it had been indicated that the income received from sale of assests which were disposed of, has been shown under other income.

### 1.6.3 Balances of Advance Accounts

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<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
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(i) There was a loan balance totalling Rs.1,407,490 recoverable from 11 officers retired from 08 Divisional Secretariats as at 31 December 2019 and the loan balance of Rs.101,628 recoverable from one officer was outstanding over a period of 06 years.	Action should be taken to recover loan balances recoverable from officers before their retirement.	It had been informed that a loan balance of Rs.1,407,490 recoverable from 11 retired officers, was further recoverable as at 31 December 2019.

- (ii) There was a loan balance totalling Rs.258,444 recoverable from three officers in 02 Divisional Secretariats, who had been interdicted as at 31 December 2019 and the loan balance totalling Rs.151,898 recoverable from two out of those officers had been outstanding over a period of 03 years.
- Necessary measures should be taken promptly to recover the loan balance from guarantors.
- It had been informed that a sum of Rs.258,444 was recoverable as at 31 December 2019 from officers who had been interdicted and out of that, a loan balance of Rs.247,944 was further recoverable.
- (iii) The loan balance of Rs.164,129 recoverable from a Development Officer of the Nagoda Divisional Secretariat, who had left the service as at 31 December 2019, had been outstanding over a period of 03 years.
- Prompt measures should be taken to recover the loan balance recoverable from relevant officers.
- It had been informed that as the Guarantor had died, the officer has agreed to pay the balance from his wife's salary and that the current balance is Rs.156,419.
- (iv) Even though a loan balance amounting to Rs.773,108 recoverable from 05 officers who had deceased while being attached to 04 Divisional Secretariats, should be settled as at 31 December 2019, out of those loan balances, a sum of Rs.22,935 had remained unsettled over a period of 02 years.
- Measures should be taken speedily to settle loan balances.
- It had been informed that out of the loan balance remained as at 31 December 2019, a balance of Rs.498,942 had been recovered and that a loan balance of Rs.274,166 was further recoverable.

#### 1.6.4 Imprest balance

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<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
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(i) Over a period of 13 years had been delayed to take action to settle the balance of Rs.194,086 remained in the Imprest Account due to cheque fraud occurred in the year 2006 in the Karandeniya Divisional Secretariat.	Necessary prompt action should be taken to settle the imprest balance.	It had been informed that necessary action is being taken to obtain money from the Appropriate Treasury Advance Account and that a case is now on trial in this connection at the Balapitiya Magistrate's Court.
(ii) The election advances unsettled as at the end of the year under review amounted to Rs.8,936,294.	Action should be taken to settle advances by recovering money speedily from relevant parties.	It had been informed that the advance balance is Rs.2,575,234 by now and that action is taken to settle in a manner of receiving money from the Election Commission.

### 1.6.5 Non-maintenance of Registers

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<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
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In terms of Financial Regulation 1647(e), every Government institution should maintain a formal register of motor vehicles including details on vehicle number, chassis number, engine number, horsepower, fuel type, make, model and in case of purchase; date of purchase, amount paid, date of payment, and details on insurance certificate of vehicles owned by the institution. Nevertheless, a formal register including such details had not been made available to Audit.	Prompt action in terms of Financial Regulations should be taken to maintain a formal register of motor vehicles.	It had been informed that a register including details relating to the register of listing motor vehicles of the District Secretariat and 19 Divisional Secretariats, is already maintained and that action will be taken to maintain a formal register in future including details based on information in Financial Regulations.

### 1.6.6 Lack of Evidence for Audit

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<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
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Details on projects abandoned without completing, delays in the execution of projects, projects without progress despite the release of money and project work commenced after delays had not been made available to Audit by 10 Divisional Secretariats.	Measures should be taken speedily to present necessary information to Audit.	It had been informed that details on 14 Divisional Secretariats had been made available to Audit by 29 May 2020.



### 1.6.7 Non-compliance with Laws, Rules and Regulations

Instances of non-compliance with provisions in laws, rules and regulations observed during the course of audit test checks, are analysed below.

Reference to Laws, Rules and Regulations	Observation ----- Non-compliance	Recommendation	Comments of the Accounting Officer	
(i) Establishments Code of the Democratic Socialist Republic of Sri Lanka	Paragraph 1.6 of Chapter XLVII of the Part II of the Establishments Code	No disciplinary action whatsoever had been taken against the Grama Niladhari who had performed duties unlawfully on acting basis during the period from 11 September 2018 to 24 May 2019 contrary to instructions of the Divisional Secretary, in the Galwadugoda Grama Niladhari Division of the Kadawathsathara Divisional Secretariat.	Formal disciplinary inquiries should be completed expeditiously and those decisions be implemented.	It had been informed that according to the preliminary investigation report dated 02 December 2019 conducted with regard to the Grama Niladhari, charge sheets had been issued on 17 February 2020 under 25 charges in terms of the Schedule 1 of Chapter XLVIII of Part II of the Establishments Code and that single person tribunal and officers presenting the case for the prosecution have been appointed for conducting

formal disciplinary inquiry by now and according to the request of the accused officer, approval has been given to appoint an officer to represent him.

(ii) Financial Regulations of the Democratic Socialist Republic of Sri Lanka

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Financial Regulation 104(4)	Action had not been taken in terms of referred Financial Regulations in respect of 06 motor vehicle accidents relating to the District Secretariat and 04 Divisional Secretariats.	Action should be taken in terms of referred Financial Regulations in respect of motor vehicle accidents.	An exact reply regarding the amount further receivable for the said motor vehicle accidents relating to the District Secretariat and 04 Divisional Secretariats, had not been received from the Sri Lanka Insurance Corporation. As such, it had been informed that action could not be taken to submit the full report on losses relating to 06 motor vehicle accidents in terms of Financial Regulation 104(4) and that action will be taken to proceed relating to files in this
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connection by calling information through reminders in the future.

- (iii) Supplement issued on 09 March 2011 relating to Guideline 3.9.1 of the Procurement Guidelines 2006 of the Democratic Socialist Republic of Sri Lanka
- The total value of remaining works of contracts awarded according to Direct Contracting to community based organizations and the value of proposed contracts should not exceed Rs.2 million. Nevertheless, three contracts had been awarded to a contractor of constructing Nila Sevana buildings of the Imduwa Divisional Secretariat at the same time and the total contractual amount had been Rs.3.9 million.
- Action should be taken in terms of the Procurement Guidelines.
- It had been informed that in selecting societies for entering into agreements for projects in the future, action will be taken in terms of relevant circulars.

### 1.6.8 Irregular Transactions

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<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
<p>-----</p> <p>The validity period of the Mining License No. IML/B/HO/11128 issued by the Geological Survey and Mines Bureau for the quarry operated in Pilagoda 187 Grama Niladhari Division of Baddegama in Galle, had expired on 19 October 2018. Mining activities had been carried out from that date to 09 June 2019 without renewing the Mining License and the Environmental Protection License as well which should be obtained from the Central Environmental Authority under special Condition No.17 given on results of explosion tests carried out during the said period, had not been obtained. Moreover, Trade Licenses which should be obtained from the Baddegama Pradeshiya Sabha, had not been obtained for carrying out the quarry and no party responsible therefor had conducted a supervision or a spot test thereon.</p>	<p>-----</p> <p>As this matter is related to the District of Galle, action should be taken to coordinate relevant divisions and to report them by taking suitable steps regarding audit observations. Institutions by which necessary approval is given to operate the quarry, are responsible for operating the quarry without licenses.</p>	<p>-----</p> <p>It had been informed that the audit query No.SNP/L/GSMB/2019/01 is an audit query, which has been referred to the Director General of the Geological Survey and Mines Bureau.</p>

## 2. Financial Review

### 2.1 Management of Imprest

Audit Observation	Recommendation	Comments of the Accounting Officer
(a) Imprest between 11 per cent and 76 per cent had been received less than the imprest applied monthly in the year under review.	Imprest should be applied according to plans.	It had been informed that in addition to the Expenditure Head of the District Secretariat, imprest is applied relating to other line ministries and that as imprest is issued by the Treasury, this matter is beyond the control.
(b) Provision of Rs.1,350,000 had been received through the supplementary estimate for the Object No. 2509 and out of that, the expenditure incurred as at the end of the year under review was only Rs. 42,480 representing 3 per cent.	In case of inadequate estimate provision, money should be obtained from a supplementary estimate. It should be responsible for applying supplementary provision considering the requirement.	It had been informed that an expenditure of Rs.42,480 had been incurred for awareness programmes and that action had been taken to return provision by discontinuing projects as instructions had been given to suspend projects which were not entered into agreements and projects not commenced, until further notice.

<p>(c) In terms of National Budget Circular Nos. 03/2019 and 05/2019 of 08 April 2019 and 24 September 2019 respectively, it had been informed to save 25 per cent out of the provision made for the capital expenditure of the year 2019 for managing the public expenditure of the year 2019. However, 37 per cent of total provision received to the District Secretary, had been saved.</p>	<p>Saving provision exceeding 25 per cent is an underutilization of provision and all provision should be utilized to the optimum.</p>	<p>It had been informed that according to the National Budget Circular No.05/2019 of 24 September 2019 with regard to Managing the Public Expenditure during the remaining period of 2019, savings of 15 per cent and 10 per cent out of capital provision, had been made under several selected Expenditure Heads by identifying requirements by the District Secretariat.</p>
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## 2.2 Entering into Liabilities and Commitments

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Audit observations revealed relating to liabilities and commitments, are as follows.

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
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<p>(a) The value of bills in hand, payable as at 31 December 2019 relating to the Galle District Secretariat and 19 Divisional Secretariats for development and other projects implemented in the year 2019, had been Rs.903,799,366. Even though the District Secretary had made a request from relevant Secretaries to the Ministries on 29 January</p>	<p>Payments for bills in hand of the year 2019 should be completed as at 31 December 2019.</p>	<p>It had been informed that provision should be again made in the year 2020 from provision allocated by the Vote on Account for making payments for bills in hand and that as provision are released by the relevant Ministry or the Department, the District</p>

2020 for provision of Rs.908,957,993 under various Expenditure Heads for those bills in hand, it was observed that the said provision had not been received even by February 2020.

Secretary cannot intervene therefor.

- (b) In addition to the value of bills in hand relating to the said Divisional Secretariats, a sum of Rs. 30,393,751 as well had to be paid for the construction project of the auditorium, carried out under the Expenditure Head 155-1-6-3-2104 relating to Galle District Secretariat.
- Action should be taken to make payments at the end of the year for works certified according to bills to be paid from provision of the current year.
- It had been informed that there is a bill in hand valued at Rs. 30,393,751 under the Expenditure Head 155 due to inadequate imprest and non-receipt of imprest therefor is beyond our control.

### 2.3 Utilization of Provisions granted by other Ministries and Departments

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The following observations are made

Audit Observation	Recommendation	Comments of the Accounting Officer
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(a) Utilization of Provison		
----- Provision totalling Rs. 6,544.473 million comprising Rs. 6,104.304 million, Rs. 255.061million and Rs.185.108 million had been granted by other 23 Ministries, 21 Departments and one office respectively for various purposes. Out of that, only a total sum of Rs. 4,760.768 million had been utilized by the end of the year under review. Accordingly, provisions of Rs.1,783.705 million representing 27 per cent of the provisions made, had not been utilized.	It should be responsible to utilize the provision received for the year, during the same year itself to the optimum.	It had been indicated that audit observations are correct and that matters such as management of expenditure, suspension of projects which were not enetered into agreements, decrease in the value of bills than the estimated expenditure, failure to implement certain programmes during the year, etc. had been the reasons for non-utilization of provision granted to other ministries, departments and one office for the year 2019.



**(b) Revision of Pension**

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In terms of the Public Administration Circular No.14/2019, pension of 34 pension files belonging to the Balapitiya Divisional Secretariat could not be revised due to lack of information such as information on anomalies 16/2015, pension and salary increment and active service period. Even though the Divisional Secretariats had reported on those shortcomings to relevant institutions, the said activities could not be completed even by 28 May 2020.

Necessary measures should be taken to make payments through rectifying pension anomalies by summoning information thereon.

It had been informed that the number of files to be further revised stood at 34 and that revision of these pension files will be completed immediately after receiving information from relevant institutions and this is a matter beyond our control.

**(c) Examination of Nila Sevana Project**

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(i) Liquidated damages of approximately Rs. 2,805,154 should have been recovered from contractors for 05 projects of constructing Nila Sevana buildings belonging to the Imaduwa Divisional Secretariat, by which period had been extended improperly without indicating fair reasons.

In extending the contract period, fair reasons should be made available and formal approval be obtained therefor. Further, action should be taken in terms of Procurement Guidelines and

It had been informed that liquidated damages has not been recovered due to matters such as unable to carry out constructions due to failure in supplying necessary raw materials to the relevant location as a result of continuous heavy rain and granting approval continuously for

the Contract Agreement. implementing the project for the year 2019 and that action will be taken to use formal Format for extending the contract period.

- (ii) It was observed that the land used for the construction of one Nila Sevana Building is not owned by the Divisional Secretary. Steps had been taken to commence the construction of Nila Sevana building without confirming ownership of the land. A sum of Rs. 37,640 had been paid as at 31 December 2018 to the contractor for carrying out initial works of the said construction and the construction of Nila Sevana building had been discontinued halfway due to failure to clear the ownership of the land even up to May 2020.
- Ownership of the land should be cleared before constructing the Nila Sevana.
- In carrying out Nila Sevana constructions, the present Principal had informed to discontinue these constructions as it will be an obstacle to future development activities and security of the school. As such, it had been informed that constructions had been discontinued until the survey reports are received.

**(d) Loan Programmes implemented by Samurdhi Bank Sangams**

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A loan totalling Rs. 2,728,101,685 had been granted to Samurdhi recipients under various loan programmes by 13 Samurdhi community based Banks attached to 03 Divisional Secretariats such as Hikkaduwa, Yakkalamulla and Bope-Poddala. Out of the said loan, a sum of Rs. 50,759,127 had been identified as lapsed loans and a sum of Rs. 8,663,605 as bad debts. Adequate steps had not been taken to recover the said lapsed loans and bad debts.

Action should be taken effectively to recover lapsed loan balances speedily and to minimize the bad debt balances.

It had been informed that the lapsed loan balance and the bad debt balance had been decreased up to Rs.45,432,039 and Rs. 8,353,345 respectively in the said 03 Divisional Secretariats as at 31 December 2019. Moreover, follow up action is taken by the said three Samurdhi Banks for the recovery of those loans and it had been further informed that they were briefed through field officers and managers, notified by the Chairman of the Board of Control, submitted letters through lawyers, referred to the Mediation Board and unsettled debtors were produced to the Court.

**(e) Programmes of Development of Rural Infrastructure Facilities**

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(i) The District Secretariat had allocated provision amounting to Rs.990,000 to the Imaduwa Divisional Secretariat on 23 May 2019 for the Imaduwa New City Water Project under the Project of Development of Rural Infrastructure Facilities. A sum of Rs.48,875 had been paid on 24 May 2019 for the preliminary investigation and feasibility study of this Water Project. A Memorandum of Understanding as well had been entered into on 29 October 2019 between the Department of National Community Water Supply and the Imaduwa Divisional Secretariat for implementing the Water Project. According to the said agreement, all activities of the project should have been completed and handed over on 15 December 2019. Even though a sum of Rs. 919,500 had been paid to the Department of National Community Water Supply on 21 November 2019, the Project had not been completed as at the end of the year under review.

Steps should be taken to complete the said project speedily and provide drinking water for the public and follow up action should be further taken therefor.

It had been indicated that the second reminder had been sent due to delays in construction and that explanation has been called for delays of the Project by the said Institute. It had been further informed that construction of the tube well is in progress and that follow up action is being taken for the Project and prompt action is being taken to complete the Project.

(ii) The Ministry of National Policies and Economic Affairs had allocated provision of Rs. 7,000,000 to the Balapitiya Divisional Secretariat for providing solar power energy to 14 religious places under the Gamperaliya- Rapid Rural Development Programme in the year 2019. A sum of Rs. 2,000,000 had been paid therefor by entering into an agreement with the Nippon Solar (Pvt) Limited For Rs. 5,600,000 by the said Project. In terms of Sections 6, 7, and 8 of the Agreement, the contract should be completed on 20 October 2019. However, 14 temples for which the said solar panels were installed, had not obtained the grid connection even by the end of the year under review. It was observed that the project had been delayed for a period of 03 months and liquidated damages of Rs. 280,000 to be recovered accordingly, had not been recovered.

The letter of explanation should be made available to Audit expeditiously and instructions had been given to obtain the grid connection for the solar power system and to recover liquidated damages in terms of agreements.

It had been informed that action is taken to obtain the electricity connection as soon as possible and according to Section 12 of the agreement, the 15 per cent which is paid after providing the electricity connection, had not been paid up to now. It had been informed to Audit that action is taken to recover due liquidated damages as it was a delay occurred due to reasons arisen beyond the control of both parties.

(iii) Five hundred and seventy eight plots of land had been selected for acquisition of lands for the road from Kahaduawatta to Poddala under the project of acquisition of lands for the road development project of Baddegama belonging to Bope Poddala Divisional Secretariat and the extent of the land was 5.4931 hectares. Despite having the possibility of adopting the normal method of compensation without issuing Proviso (a) of Section 38 of the Land Acquisition Act, lands had been acquired in terms of Proviso (a) of Section 38 of the Land Acquisition Act considering as an urgent requirement. As such, the interest to be paid to land owners as at 31 January 2020 had been approximately Rs. 217,162,882.

The interest to be paid on the Government valuation should be computed and a reply thereon be made available to Audit in consultation with the relevant Ministry.

It had been informed that action is taken by me to pay only the amount valued by the Valuation Department for the each said land and that future action will be taken according to the order given by the Secretary to the Ministry in terms of Proviso 38 (a).

(iv) Eleven claimants had been entitled to pay compensation in the acquisition of lands necessary for laying pipes from Wakwella to Beekka Sewa Reservoir belonging to the Bope – Poddala Divisional

Payment of compensation should be completed by settling deficits and enquiring fair reasons for the

It had been informed that files were forwarded to the Valuation Department by 13 March 2020 for obtaining valuation reports regarding 11 plots of land and immediately

Secretariat. Inquiries into claims for compensation had been held on 21 August 2017, payment of compensation had not been completed even by the end of the year under review. In terms of Proviso (a) of Section 38 of the Land Acquisition Act, the interest had to be paid up to the time of writing the cheque for relevant compensation along with the relevant amount of compensation. Accordingly, the interest relating to 07 years from 23 November 2012 had to be paid.

delay in making payments.

after receiving the valuation, compensation will be deposited in the Court and file will be closed.

(v) Acquisition of the land called Kumburuovita of 0.1709 hectares in extent in Madaramulla of the Patuwatha Grama Niladhari Division, had been commenced in the year 1999 by the Ministry of Provincial Councils and Local Government with a view to constructing Dodanduwa super market complex belonging to the Hikkaduwa Divisional Secretariat. The said contract has been estimated for Rs. 2 million and out of that, only a sum of Rs.0.5 million had been deposited in the Divisional Secretariat. Acquisition of

Objectives of acquisition of lands should be implemented expeditiously by making the relevant parties aware and summoning the valuation.

of It had been informed that as the total valuation relating to the acquisition of lands had not been deposited in the Divisional Secretariat by the Ministry, the file could not be proceeded.

lands including payment of compensation had been discontinued halfway due to failure in paying remaining amounts.

- (vi) Even though over a period of 20 years had lapsed by now after acquiring a land called “Pimburudeniya” of 0.243 hectares in extent belonging to the Modara Patuwatha Grama Niladhari Division in the Hikkaduwa Divisional Secretariat Division to the Government in the year 1995 in terms of Proviso 38(b) of the Land Acquisition Act, by the Ministry of Fisheries and Aquatic Resources with a view to implementing a Fisheries Housing Scheme, those objectives had not been achieved.
- Action should be taken to implement the housing scheme which was the objective of the land acquisition.
- It had been informed that the recommendation dated 09 September 2019 for dividing the said land among landless people under the expansion of villages, has been forwarded to the Ministry of Land as the said land is not used for the objective of acquisition of lands. Even though the recommendation on revision of the said objective of acquisition of lands had been forwarded to the Ministry of Land and Land Development through the letter dated 21 January 2020, it has been mentioned that the Ministry had not revised the said objective up to now.
- (vii) The Commissioner General of Lands had granted approval by the Letter dated 07 July 2016 for leasing out the land on which the Kumara Vidyalaya of the
- Necessary steps should be taken to implement the objectives of leasing out the land.
- As it is a transaction carried out on an agreement entered into by the Ruhunu Tourist Bureau with an external institution without formal



Hikkaduwa Divisional Secretariat Division, is located, on long term basis to the Ruhunu Tourist Bureau for a period of 30 years with a view to promoting tourism. Further, the Ruhunu Tourist Bureau had sub-let this land to a private institution for a period of 30 years from 05 April 2016 without obtaining approval. The lease agreement had been registered on 21 November 2017. It was revealed that tourism promoting objectives are not achieved by sub-letting the land to a private institution.

(viii) The Ruhunu Tourist Bureau had paid only a sum of Rs.320,000 as the initial lease instalment to the Hikkaduwa Divisional Secretary on 30 August 2017 for transferring the ownership of the land. However, the sub-lessor had paid Rs.3,500,000 as lease rental for 10 months as at 31 December 2018 at the rate of Rs.350,000 per month to the Ruhunu Tourist Bureau.

Necessary action should be taken for prompt collection of lease rentals in arrears and on sub-letting and should be reported to Audit as well.

approval, removing them can be problematic. As such, it had been informed that instructions for future activities had been requested for by the Southern Provincial Land Commissioner's Department by the Letter dated 12 March 2020 for the second time.

The Audit had been informed that the Commissioner General of Lands had notified the Ruhunu Tourist Bureau by Letter dated 24 July 2019 to collect all lease rentals in arrears and to pay the relevant lease rentals accordingly by Letters dated 26 July 2019, 28 August 2019 and 18 September 2019.

Earning income by sub-letting the land to a third party without paying lease instalments to the Hikkaduwa Divisional Secretary by the Bureau was observed as misuse of state lands.

**(f)** Grama Shakthi Janatha  
Viyaparaya

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The following matters were observed.

(i) Provisions of Rs.35,636,139

had been made only to 4 Divisional Secretariats with a view to eradicating absolute poverty existing in Sri Lanka by the year 2030 under the above programme as well as poverty alleviation and increase of production and thereby increasing employment opportunities. However, a sum of Rs.21,617,131 had not been utilized as at the end of the year under review. The implementation of this programme which was commenced in the year 2017, had been slow due to failure in providing proper instructions on further

Instructions necessary for achieving objectives of commencing the Grama Shakthi Janatha Viyaparaya should be obtained and the provisions made should be effectively utilized.

It was informed that provisions had not been returned with the intention of carrying out the programme continuously and as proper instructions are not given even by today, it had been informed that the monies deposited remain in the bank accounts.

implementation and revision of circulars from time to time.

(ii) A sum of Rs.5,552,813 of 03 Grama Shakthi Janatha Societies belonging to the Balapitiya Divisional Secretariat commenced under the Grama Shakthi Janatha Viyaparaya had been deposited in the bank as at 31 December 2019. Moreover, public funds had been retained without being utilized for an effective purpose due to non-implementation of this programme.

(g) Programme of Resettlement of Families evacuated from their Places of Residence due to Floods, Landslides and Landslide High Risk

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Provisions of Rs.119,200,000 had been made by the Ministry of Disaster Management on 26 October 2017 to the Yakkalamulla Divisional Secretariat under the Programme of Resettlement of Families evacuated from their Places of

Monies deposited in the accounts of societies should be effectively utilized for relevant purposes and thereafter reported to Audit.

It had been informed that no instructions whatsoever had been given by the Presidential Secretariat for this programme after cancelling the Grama Shakthi training programmes and that monies deposited remain in bank accounts.

Instalments should be released as instructed by obtaining a certificate from a qualified Technical Officer

It had been mentioned that a certificate will be obtained from the Technical Officer of the Secretariat after the Corona pandemy situation becomes normal and that future action

Residence due to Floods, Landslides and Landslide High Risk. Twenty eight beneficiaries had been selected for this programme headed by the National Building and Research Organization and a maximum of Rs.1,200,000 had been allocated for each beneficiary. Out of the 4th installment payable to beneficiaries, a sum of Rs.25,000 had been instructed to be paid after obtaining the **Eligibility** certificate and a sum totalling Rs.325,000 had been retained in the deposit account as at the end of the year under review without releasing monies due to failure in submitting the said **Eligibility** certificates by 13 beneficiaries.

would be taken accordingly.

## 2.4 Deposit Balances

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### Audit Observation

### Recommendation

### Comments of the Accounting Officer

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Balances of Rs.81,444,468 and Rs.180,031,698 were observed between 2 and 5 years and over 5 years respectively as at 31 December 2019 relating to 04 General Deposit

Action should be taken in terms of Financial Regulations relating to lapsed

It had been informed that the works of uncompleted roads should be completed and handed over to the

Accounts. A deposit of Rs.187,511,444 in one of those General Deposit Accounts, had been the retention money of road carpeting projects of the area belonging to the District Secretariat. Appropriate action had not been taken relating to the said balances.

deposits. Retention monies of industrialists who had satisfactorily **executed** the road carpeting projects, should be released and action should be taken in terms of Financial Regulations relating to retention monies not released.

Southern Provincial Road Development Authority, which is the supervising institute, for releasing retention monies relating to road carpeting projects relevant to the District Secretariat and that monies could not be released due to the unavailability of approval and provisions required for the programme to proceed further from the year 2015.

### 3. Operating Review

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#### 3.1 Abandoning of Projects without Completion

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Audit observation	Recommendation	Comments of the Accounting Officer
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As per the information made available to Audit, 316 projects implemented under various development programmes by 10 Divisional Secretariats had been abandoned without	Action should be taken to determine the amount of provisions which could be utilized during the year, to identify the development projects that should be given	It had been informed that this situation had arisen due to reasons such as suspension of projects for which agreements had not been entered into, absence of a contract society for projects and

completion. The estimated cost of those projects had been Rs.141 million.

priority and to execute them efficiently in contributing towards the development of the country and to take necessary action to re-implement the projects that were abandoned without completion.

abandonment of society projects for which agreements had been entered into, as per the instructions of the Elections Commission and the Ministry of Finance.

### 3.2 Delays in Execution of Projects

Audit Observation	Recommendation	Comments of the Accounting Officer
<p>Sixteen projects totalling Rs.11 million belonging to Hikkaduwa, Gonapinuwala and Baddegama Divisional Secretariats had been delayed for a period ranging from 60 to 90 days.</p>	<p>The extension of the project period should be on appropriate reasons and for a reasonable period and such an extension should be carried out properly. In terms of agreements, liquidated damages should be recovered from projects which were not extended.</p>	<p>It had been informed that liquidated damages had been recovered from certain projects delayed due to heavy rain, certain projects had been extended on request and that no problems whatsoever had arisen relating to the quality of projects. Moreover, it had been informed that projects with inadequate provisions had been continued.</p>

### 3.3 Annual Performance Report

Audit Observation	Recommendation	Comments of the Accounting Officer
<p>(a) According to the performance report of 2018, the percentage of employment in Galle District for the years 2015, 2016 and 2017 had been indicated as 95, 94.9 and 95.6 per cent respectively. According to the information obtained from the Samurdhi Office in Galle District, the number of Samurdhi beneficiaries in the District had been 227,610. The total population of the District stood at 1,124,019 and 20 per cent of that was Samurdhi beneficiaries. As such, indicating the percentage of employment as 95 per cent was unacceptable according to the performance report.</p>	<p>As the performance report is tabled in Parliament, the accuracy of numerical information should be certified.</p>	<p>It had been informed that the accurate numerical information relevant to Galle District according to the Sri Lanka Labour Force Survey in the years 2015, 2016 and 2017, had been indicated in the District Performance Report of 2018. It had been informed that the number of employed persons of the total population of the District when calculated, was nearly 36 per cent.</p>
<p>(b) According to the performance report of 2018, the <b>income</b> from Hall De Galle managed by the Galle District Secretariat, in the year 2019 was Rs.3,425,529. However, the expenditure for the year had not been indicated.</p>	<p>Information should be made available so as to reconcile income with expenditure.</p>	<p>It had been informed that the expenditure of Hall De Galle for the year 2018 was Rs.2,474,334 and that future action would be taken as per the Letter issued by the Public Finance Department</p>

specifically mentioning the matters to be included in the performance report.

- (b) According to the performance report, the total revenue collected in the year 2017 by Divisional Secretariats was Rs.200,323,098. However, the estimated revenue in the year 2018 had been Rs.48,600,000 and revenue collected had been Rs.246,672,561. In comparison of the above amount with the estimated revenue, an increase of 508 per cent was observed and fair reasons for such underestimation of revenue were not revealed to Audit.
- Fair reasons for non-estimation of revenue relating to 4 Revenue Heads should be indicated by a note in the performance report.
- It had been informed that estimates were not prepared as instructions were not given to estimate revenue for the four Revenue Heads 20.03.02.03, 20.03.02.13, 20.03.02.14 and 20.04.01.00 and that the collected revenue had increased over the estimated Revenue in this manner due to inclusion of Revenue of the 07 Revenue Heads in the collected Revenue.
- (d) Revenue totalling Rs.161,421,548 and Rs.186,970,456 had been collected for the years 2017 and 2018 respectively under 06 Revenue Heads by Divisional Secretariats. However, the revenue for those Items for the year 2018 had not been estimated. The reasons therefor were not revealed to Audit.
- Fair reasons for non-estimation of revenue for 4 Revenue Heads should be indicated by a note in the performance report.
- It had been informed that estimates were not prepared as instructions were not given by Revenue Collecting Officers to estimate Revenue for the four Revenue Heads. However, it had been informed that the revenue collected comprised of the revenue of Revenue Heads which were not estimated.



<p>(e) According to the performance report of 2018, expenditure of Rs.28,324,235 and Rs.128,611,862 had been incurred respectively in the year 2018 for the circuit bungalows of Bataganwila and Thawalama in Galle. Out of those, sums of Rs.27,772,419 and Rs.128,105,907 had been spent as expenditure on repairs of the Bataganwila and Thawalama circuit bungalows respectively. Evidence to confirm the said expenditure on repairs was not made available to Audit. The revenue of both circuit bungalows for the year 2018 had been only Rs.264,900.</p>	<p>The performance report has been tabled in Parliament and necessary action should be taken on failure in including accurate information.</p>	<p>It had been indicated that the expenditure on repairs of the Bataganwila and Thawalama circuit bungalows in the year 2018 mentioned in the performance report had been included erroneously.</p>
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### 3.4 Procurements

Audit Observation	Recommendation	Comments of the Accounting Officer
<p>(a)(i) The works of constructing the Gabion wall for preserving the land at Bataganwila on which the official quarters of the District Secretary was constructed, had been divided into two parts and</p>	<p>As mentioned in the reply, this is a project with high risk and one which should be expedited. As such, the project should have been</p>	<p>It had been informed that this project had been executed as two projects on shopping method as it is of high risk and should be expedited and that it takes a longer period to execute. It had also been informed that when the</p>

awarded to contractors as two procurements. The above works had been completed and handed over to the District Secretary on 15 March 2019. The Gabion wall had been damaged on 24 and 25 October 2019 due to failure in awarding these procurement activities to qualified and more experienced contractors, non-use of standard raw materials and skilled labour. As a result, a loss of Rs.7,690,295 had occurred to the Government.

implemented by carrying out a spot test before constructing the Gabion wall, using necessary technology to prevent such damages. Moreover, necessary action should be taken as well on non-use of standard raw materials.

estimated amounts of the two projects are added, it would not exceed Rs.20 million. Moreover, it had been informed that the two contractors who had been awarded the contracts are highly experienced and that such contractors have a group of skilled labourers. It had been further informed that the Audit had pointed out about the slight increase in the size of the boulder relating to the standard of raw materials used and that the size of the boulder used in construction could slightly differ practically construction is a Gravity Retaining Wall, the slight increase in the size of the boulder has no effect on the stability of the wall. It had been further informed that the value of the collapsed part in about 13 metres in length of the Gabion wall is approximately Rs.0.9 million and that the contractor had agreed in writing to rehabilitate the said damaged part.

Damages from

It had been informed that a

(ii) A report had not been prepared and the responsible parties had not been identified relating to the damage occurred after constructing the aforesaid Gabion wall awarded for an estimated value of Rs.7,690,295.

rain are expected to be prevented by these **preservation** projects. While the said purpose had not been achieved thereby, action should be taken so as no losses are occurred to

report on the damaged Gabion wall had been obtained from the National Building and Research Organization and that according to the said report, it had been mentioned that a part of the Gabion wall had collapsed due to the heavy rain occurred on 24 and 25 of October 2019 and as such, action is being taken to rehabilitate the Gabion wall.

Government funds.

(iii) An all-risks insurance coverage had been obtained for the total contract value so as to cover 12 months after completing and handing over the works as per No.6 in the Letter of Acceptance. However, action had not been taken to reimburse the loss occurred due to damages to the Gabion wall during the said period by the aforesaid insurance coverage. Moreover, action had not been taken up to 30 April 2020 to get the Gabion wall rehabilitated by contractors.

Evidence should be submitted whether action had been taken to reimburse the loss by insurance coverage and documentary evidence should be made available to Audit after obtaining insurance coverage.

It had further been informed that action is being taken to reimburse the loss relating to construction of the Gabion wall by insurance coverage and that the works of rehabilitation of the Gabion wall was commenced on 11 April 2020.

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| <p>(iv) Terra mesh had been used for reinforcement of soil and it had been mentioned that it is a technical method for structural creations. However, evidence was not made available to confirm that such terra mesh had been used and as such, the sum of Rs.1,018,604 paid therefor was observed as an overpayment.</p>  | <p>As indicated in estimates, physical evidence should be made available to Audit that <b>quantitative</b> terra mesh had been used.</p> | <p>It had been informed that Audit Officers inspected the Gabion wall on 03 December 2019 and that the Technical Officers had indicated that in constructing, Terra mesh had been used from the top to the first level and if necessary, it can be indicated that Terra-mesh had been used for rest of the levels as well.</p>  |
| <p>(b)(i) The District Secretaries had been delegated with powers to award contracts up to Rs.50 million without calling Tenders by the Circular relating to expediting of “Rehabilitation and Reconstruction” in areas damaged due to floods and landslides. Approval had been obtained to demolish the old building in which the Yakkalamulla Divisional Secretariat had functioned, and to construct a three storeyed building, considering as an urgent procurement. However, it was observed that the old building is not subject to</p> | <p>Action should be taken in terms of Procurement Guidelines.</p>  | <p>It had been informed that action would be taken in terms of Circular No. MNPEA/04/2017 dated 22 August 2017 of the Ministry of National Policies and Economic Affairs to construct a three storeyed building to replace the old single storeyed building as the office was in a dilapidated condition, which was an obstruction in supplying relief service to families affected by floods due to inadequate space in the office. It had been further informed that powers in awarding this contracts to contractors registered at the Constructions Development Authority, had been delegated</p> |

floods and cannot be considered as an urgent purpose. As such, it was observed as taking action contrary to provisions in Guideline 3.8 of the Procurement Guidelines.

to District Secretaries without calling for open tenders and that action had been taken accordingly.

- (ii) Approval of the Ministry of Home Affairs had been received on 18 January 2018 to demolish the old building of the Yakkalamulla Divisional Secretariat while previously entering into an agreement with Mayura Constructions on 30 December 2017 for a sum of Rs.37,721,266 and arrangements had been made purposely to award the contract to this contractor by paying an advance of Rs.7,544,253 by a cheque on 31 December 2017.
- A true copy of the letter of approval for demolishing the building and evidence that action has been taken as per the reply, should be made available to Audit.
- It had been informed that the letter granting approval for demolishing the old building had been signed by the Secretary to the Ministry of Home Affairs on 28 December 2018 and accordingly, it had been informed that awarding the contract, entering into agreement and paying advances had been carried out after obtaining approval for demolishing the building.

### 3.5 Assets Management

#### Audit Observation

#### Recommendation

#### Comments of the Accounting Officer

##### (a) Utilization of Vehicles

Ten vehicle accidents had occurred from January to 02 December 2019 and a sum totalling Rs.328,203 had been incurred as expenditure on repairs. Moreover, a sum of Rs.254,420 had been received as indemnity. The expenditure on repairs or receipt of indemnity relating to the accident of one vehicle on 14 November 2019 had not been revealed. Even though the expenditure on repairs of another vehicle had been Rs.25,800, information whether indemnity had been received therefor, had not been made available to Audit.

Entries should be made in the log book relating to vehicle accidents and indemnity received while action thereon should be taken in terms of Financial Regulations as well.

It had been informed that vehicle No.PD 6051 had met with an accident on 13 August 2019 and the expenditure on repairs of the said vehicle amounted to Rs.25,800, the sum of Rs.25,800 had been paid by the Insurance Corporation of Sri Lanka and that the proceedings in the file is in progress.

It had been informed that vehicle No.PC5063 belonging to the Habaraduwa Divisional Secretariat had met with an accident on 14 November 2019, the expenditure on repairs thereof amounted to Rs.18,300 and that the Insurance Corporation of Sri Lanka had paid a sum of Rs.17,050. It had been indicated that the difference amounted to Rs.1,250.

**(b) Idle and Underutilized Assets**

It had been planned to register job candidates through the computer software slieg.app by establishing a Smart Sri Lanka Regional Unit which was located in the Bope-Poddala Divisional Secretariat and relevant officers had been trained therefor. Two computers had been provided to the Divisional Secretariats on 25 November 2019 by the District Secretariat for carrying out these activities. This project which was commenced with a broad objective had been abandoned halfway notifying in writing that it will be assigned to another institution. The two computers had been kept idle in the stores and the value thereof was not revealed to Audit.

Follow up action should be taken on the inefficiency of Smart Sri Lanka programme and necessary action should be taken to use the computers for other purposes.

As these computers have been purchased from the Presidential Secretariat, it had been informed that information on the value had not been reported to this Secretariat. Even though this project had been commenced with a broad objective, it had been informed that internet facilities needed to operate those computers and other accessories had not been received so far and the said computers are kept in a protected manner until instructions are given as relevant software provided for these projects, exist in the computers.

### 3.6 Security Deposits of Public Officers

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#### **Audit Observation**

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#### **Recommendation**

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

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Bank pass books relating to 35 officers who had deposited securities from the year 1971 to the year 1991 had been retained in the District Secretariat. Necessary steps had not been taken even up to May 2020 relating to these security deposits.

Action should be taken relating to the relevant 35 pass books and to notify the Audit of the current progress.

This Secretariat holds the bank pass books of officers who deposited securities from the year 1971 to the year 2010 and out of those, action was taken to send all pass books of which information could be obtained, to the relevant Secretariats and it is mentioned that 35 pass books of which information could not be found, still remain.

### 3.7 Uneconomic Transactions

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#### **Audit observation**

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#### **Recommendation**

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

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Two sub-offices of the Hikkaduwa Divisional Secretariat had been commenced in the year 2017 in Rathgama and Madampagama by 30 June 2019 and a sum totalling Rs.8,326,225 had been incurred as office rent, electricity charges, water charges,

It should be examined relating to failure in taking necessary action for carrying out adequate functions by sub-offices of Divisional

As per the request of the Galle District Secretary, all attachments of sub offices were made from the staff of the Hikkaduwa Divisional Secretariat itself. As such, it had been mentioned that additional provisions had



telephone charges, expenses for cleaning, security service charges, expenses on opening of offices, expenses on partition of rooms in the buildings and other expenses. Only activities of issuing nutrition stamps to pregnant women and issuing Grama Niladhari certificates had been carried out by the aforesaid sub offices and it was observed that spending a total of Rs.8,326,225 for nearly a period of 03 years for functioning of sub offices and carrying out only the said activities as an uneconomic and ineffective activity.

Secretariats up to now and in relation to the rent paid for buildings, public services too should have been expanded. Moreover, the Gazette Notification No.2147/2018 of 29.10.2019 has been issued for making this Divisional Secretariat Division comprising of 97 Grama Niladhari Divisions, into 3 Divisional Secretariat Divisions. As such, after approving the cadre, it had been mentioned that an opportunity had been provided for the public to obtain services using these buildings until the new Divisional Secretariat buildings are constructed.

### 3.8 Management Weaknesses

#### Audit Observation

#### Recommendation

#### Comments of the Accounting Officer

(a) Sixty four instances were observed in which Grants were not issued to Tsunami house beneficiaries belonging to the Hikkaduwa Divisional Secretariat from 26 December 2004 up to 24 July 2019, the date of Audit.

Necessary action should be taken relating to 64 instances in which Grants were not issued up to the date of Audit.

Replies had been submitted mentioning that certain Grants relating to the 64 beneficiaries belonging to this Divisional Secretariat who had not been issued Grants up to 26 December 2004,

the date of Audit, had been forwarded to the Commissioner General of Lands, that certain Grants had been issued and that a certain number of those beneficiaries had sold the houses.

(b) According to Schedule II of the Grant, “ This land and the buildings located therein transferred as a free grant shall not be sub-let or alienated in any other manner to other than the Grantee’s children or blood relations from the date of issue until ten years and shall be used only for residing. Further, if not used for residing prior to the end of the aforesaid period or from that date, it shall be transferred to the Democratic Socialist Republic of Sri Lanka free from all encumbrances.” However, before issuing Grants, 164 alienations were observed contrary to the aforesaid Sections. No other measures whatsoever had been taken thereon by the Divisional Secretariat except non-issuance of Grants to the relevant beneficiaries.

Action should be taken in terms of Schedule II of the Grant relating to alienation of houses.

It had been informed that the Land Commissioner General’s Department and the Secretary to the President had been consulted and that the Letter dated 27 January 2020 had been forwarded regarding issues arisen in preparing Tsunami Grants in this Division according to a request made by the Southern Provincial Land Commissioner to submit information relating to a discussion held with the Heads of institutions on land issues unresolved for a long period.

- (c) Sixteen instances were observed in which Grants were not issued to successors in the event of the death of the grantee. Action should be expedited to finalize matters relating to instances in which Grants had not been issued in the name of the successor of the deceased or in any other appropriate manner. It had been informed that action would be taken to prepare some of the Grants in the name of a successor relating to the 16 instances in which the grantee had deceased and that some have been forwarded to the Commissioner of Lands for preparation of Grants and that there was no agreement in the family on one particular Grant.
- (d) Instances were observed in which 5 Tsunami houses were occupied illegally and steps had not been taken to evacuate the unauthorized occupants even up to the date of Audit. Appropriate steps should be taken relating to unauthorized occupants through prompt settlement of relevant parties. Replies had been submitted that the houses in which the unauthorized occupants are residing are the houses illegally disposed of to another party by Tsunami beneficiaries, that discussions had been held on a number of occasions with the District Secretary, Provincial Land Commissioner and the Commissioner General of Lands on the illegal occupants and the Commissioner General of Lands had informed by the Letter of 30 September

2019 that a policy decision would be taken therefor with the intervention of the Government.

<p>(e) Two houses bearing Nos.250 and 251 had been given to a beneficiary under P.P.G. No.3598 and both houses had been sold by the date of Audit.</p>	<p>Appropriate action should be taken relating to alienation of houses.</p>	<p>Audit had been informed that the Commissioner General of Lands had notified that the Government would take a policy decision relating to lands alienated in this manner.</p>
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**4. Human Resource Management**

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**4.1 Approved Cadre and Actual Cadre**

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**Audit Observation**

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**Recommendation**

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**Comments of the Accounting Officer**

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<p>(a) By the end of the year under review, 161 vacancies existed in the approved cadre. The District Secretariat had not taken action to fill those vacancies duly.</p>	<p>Action should be taken to appoint permanent officers and to expedite filling of vacancies.</p>	<p>It had been informed that appropriate action had been taken to duly appoint acting officers until permanent officers are appointed and to cover duties.</p>
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(b) Thirty seven officers had been recruited without formal approval, exceeding the approved cadre.

In the recruitment for posts, action should be taken so as not to exceed the approved cadre.

Out of the 37 excess officers, 21 are Assistant Information Technology Officers. Moreover, we have not taken action to create any excess of these officers. However, according to various appeals made on their personal problems and difficulties, they had been attached to the offices in the District of Galle by the Appointing Authority and it had been informed that the Appointing Authority had been notified on several occasions of this excess by letters.

(c) Even though 13 Drivers attached to the District Secretariat had been engaged in duties, only 8 vehicles remained in running condition in the pool and among those attached to the Secretariat. Accordingly, there was an excess of 5 Drivers and the said Drivers had been paid salaries of Rs.1,519,709 from the date of attachment to the District Secretariat up to December 2019. The monies so paid was observed as a fruitless expenditure and five Drivers had been idle.

Recruitments should not be made exceeding the approved cadre.

Decisions taken by the Ministry relating to appeals made on transfers of Drivers had not been implemented so far. As such, the excess of Drivers stood at 05 and according to the vacancies occurred subsequently in the Divisional Secretariats, four Drivers have been attached to those Secretariats and it had been informed that there is only an excess of one Driver at present.