

Head-260- District Secretariat, Nuwara Eliya

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the **District Secretariat, Nuwara Eliya** 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 containing my comments and observations on the financial statements of the District Secretariat, Nuwara Eliya was issued to the Accounting Officers on 27 May 2020 in terms of Section 11 (1) of the National Audit Act No. 19 of 2018. The Annual Detailed Management Audit Report relevant to the District Secretariat was issued to the Accounting Officer on 11 May 2020 in terms of Section 11 (2) of the National Audit Act No. 19 of 2018. 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 accompanying financial statements prepared in terms of State Accounts Circular No.271/2019 of 03 December 2019 give a true and fair view of the financial position of the District Secretariat as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

1.2 Basis for Qualified Opinion

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

1.3 Responsibility of the Chief Accounting Officer and the Accounting Officer for the Accounts and Reconciliation Statements

The 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 management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District Secretariat's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Accounting Officer regarding, 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 and Regulatory Requirements

I express the following matters in accordance with Section 6 (1)(d) and Section 38 of National Audit Act, No. 19 of 2018.

- (a) According to the observations included in Paragraphs 1.5 and 1.6 of this report, the financial statements were not in consistent with the preceding year.
- (b) According to the observations included in Paragraphs 1.6.1(b), 1.6.2.1(c), 1.6.2.2.(b) and 2.5(c), the recommendations highlighted by My report in respect of the financial statements presented in the preceding year had not been executed.

1.6 Comments on Financial Statements

1.6.1 Non-compliance with Provisions in the Circulars

Although financial statements should have been prepared in accordance with the State Finance Circular No.271/2019 of 03 December 2019, steps have been taken deviating from those requirements as specified below.

Audit Observation	Recommendation	Comments of the Accounting Officer
(a) Although the imprest balance as per the Statement of Financial Performance presented to audit amounted to Rs.2,841.67 million, the imprest balance as per the books maintained by the office had been Rs.4.18 million. Accordingly, there was a difference of Rs.2,837.49 million. According to the section 7(vi) of the State Finance Circular, the above difference should have been adjusted in the Imprest Adjustment Account, whereas it had not been so done.	Imprest Adjustment Account should be presented in terms of provisions in the State Finance Circular.	It has been informed that an adjustment account has been prepared at present.
(b) In terms of Paragraphs 3.3 of the above State Financial Circular, in reporting non-financial assets, any difference found in examining the	Main ledger balances relating to the assets should be checked with the individual balances	A large number of unaccounted assets were brought to account in the year 2019. Further, exchanged items too have been

main ledger balances relating to the assets with the individual balances, that value had not been adjusted in the Main ledger by the journal entries until such balances are identified.

and action should be taken to make adjustments in case of any difference.

corrected. It has been informed that the balances with further differences will be rectified in the year 2020.

1.6.2 Accounting Deficiencies

6.1.2.1 Statement of Financial Performance

The following accounting deficiencies were revealed.

Audit Observation	Recommendation	Comments of the Accounting Officer
-----	-----	-----
(a) According to the final account statements of the Treasury, the total of deposit receipts and the deposit payments of 05 deposit accounts amounted to Rs.461,329,627 and Rs.306,566,379 respectively. Nevertheless, those amounts had been understated by Rs.418,861,724 and Rs.284,490,968 in the Statement of Financial Performance and stated as Rs.42,467,903 and Rs.22,075,411 respectively.	Financial statements should be prepared in accordance with the instructions given by the State Accounts Circulars.	As a result of a mistake took place in the preparation of financial statements as at 31 December 2019, receipts and payments of deposits have been understated.
(b) In terms of the State Accounts Circular, the revenue collected in respect of revenue codes relevant to the other revenue accounting officers should be accounted for as other receipts. Out of the revenue amounting Rs.161,167,234 so collected during the year under review, a sum of Rs.161,149,221 had been accounted for as the other receipts, thus understating by Rs.18,013.	Financial statements should be correctly prepared.	It has been informed that a shortcoming had taken place in the preparation of accounts.

- | | | | |
|-----|--|---|--|
| (c) | Expenses totalling Rs.197,615 to be incurred from the expenditure head in order to avoid exceeding the provisions of the Objects had been transferred to the Objects of another expenditure heads through journal entries on 02 occasions. | According to the Financial Regulation 50, the Accounting Officer should ensure to prepare estimates as completely and accurately as possible. | It has been informed that the provisions to be incurred from the administrative expenditure have been transferred to the relevant Objects. |
|-----|--|---|--|

1.6.2.2 Statement of Financial Position

The following observations are made.

Audit Observation	Recommendation	Comments of the Accounting Officer
-----	-----	-----
(a) The deposit accounts balances as at 31 December 2018 in the financial statements audited and presented to the Treasury during the preceding year totalled Rs.217,484,429. Those total balances had been overstated by Rs.134,370,756 and stated at Rs.351,855,185 as the total balances as at 01 January 2019 in the financial statements of the year under review.	Correct amount should be stated in the financial statements.	It has been informed that the balance as at 30 November 2019 had been stated as the opening balance of the year 2019 in the account owing to a mistake.
(b) The balance shown under the 12 codes of non-current assets included in the statement of financial position of the preceding year had been stated as Rs.976,293,611. The balance related to those 12 codes as at 01 January 2019 had been stated as Rs.1,950,534,023 in the statement of financial position of the year under review. Accordingly, a difference of Rs.974,240,412 was observed between the closing balance of the preceding year and the opening balance of the year under review. This difference had	Reasons for the difference should be identified and adjustments should be correctly made in the accounts.	Accounting of financial assets had not been completed as at 31 December 2018. As the accounting of financial assets was commenced in the year 2019, those amounts were accounted for as the opening balance. Therefore, it has been informed that the closing balance as at 31 December 2018 and the amounts as at 01 January 2019 had varied.

not been disclosed in the financial statements.

- (c) A sum of Rs.4,177,955 had been shown as the cash and cash equivalent under the financial assets in the statement of financial position. There was no balance according to the Form A.C.A. 3 relating to the above figure and that balance had comprised unsettled election advance of Rs.3,277,077 and a sum of Rs.900,878 receivable from the external parties that remained unsettled since year 2013.
- Financial statements - should be correctly prepared.

1.6.2.3 Cash flow Statement

The following observations are made.

Audit Observation	Recommendation	Comments of the Accounting Officer
(a) Even though a sum of Rs.161,167,234 had been received as other receipts during the year under review, it had been understated by Rs.18,013 and shown as Rs.161,149,221 in the cash flow statement.	Reasons for the difference should be identified and adjustments should be correctly made in the accounts	In consequence of a shortcoming took place in the preparation of financial statements as at 31 December 2019, balances of receipts have been understated.
(b) Receipt of advances amounting to Rs.29,507,806 and receipt of deposits amounting to Rs.132,572,422 during the year under review should have been shown in the cash flow statement as money generated from the investment activities and the money generated from the financial activities respectively. Although the above amounts totalled Rs.162,080,228, it had been overstated by Rs.18,013 and	Reasons for the difference should be identified and adjustments should be correctly made in the accounts	In consequence of a shortcoming caused in the preparation of financial statements as at 31 December 2019, balances of receipts have been understated.

stated at Rs.162,098,341 under the ledger receipts as cash flow generated from the operating activities.

- (c) Payment of advances and payment of deposits in the year under review had totalled Rs.346,503,657 comprising Rs.39,937,278 and Rs.306,566,379 respectively. Although the payment of advances should have been stated in the cash flow spent in respect of the investment activities while the payment of deposits should have been stated in the cash flow spent in respect of the financial activities, the above total amount had been understated by Rs.312,339,673 and stated at Rs.39,932,278 under the main ledger payments in the cash flow spent on the operating activities.
- Cash flow statement should be prepared as referred to in the State Accounts Circular.
- In consequence of a shortcoming caused in the preparation of financial statements as at 31 December 2019, deposit payment balances have been understated.
- (d) The main ledger expenses of Rs.332,179,777 shown in the Form A.C.A. of the financial statements as per the audited financial statements in the preceding year had been understated by Rs.67,470,938 and shown at Rs.264,728,839 in the cash flow statement of the year under review.
- Cash flow statement should be prepared as referred to in the State Accounts Circular.
- The financial statements of the year 2018 have been corrected in accordance with the matters pointed out by the audit query presented in the year 2019. It has been informed that those corrected amounts have been included in the financial statement set of the year 2019.

1.6.3 Non-maintenance of Books and Registers

It was observed at the Audit test check that the District Secretariat had not maintained the following registers.

Audit Observation	Recommendation	Comments of the Accounting Officer
(a) <u>Register of Losses and Damages</u>	A Register of Losses and Damages should be maintained in terms of Financial Regulation 110.	The District Secretariat deals with the losses and damages and these losses and damages have been recorded in the District Secretariat in an updated manner and further, it has been informed that the Divisional Secretariats, Ambagamuwa and Nuwara Eliya too have updated the registers.
(b) <u>Leave Register</u>	Leave register should be maintained in an updated manner in terms of Section 1.7 of Chapter XII of the Establishments Code.	It has been informed that the duties of this subject are maintained in an updated manner after being pointed out the matter by the Internal Audit Division.
(c) <u>Attendance Register of the Procurement Committee Members</u>	In accordance with the Guideline 2.11.2 of the Government Procurement Guidelines, the Secretary of the Procurement Committee should maintain an attendance register pertaining to the members of the Procurement Committee.	Instructions have been given to maintain an attendance register from the year 2020.

1.6.4 Lack of Evidence for Audit

Since audit evidence on the following transactions had not been furnished, those could not be satisfactorily vouched in audit.

Audit Observation	Recommendation	Comments of the District Secretariat
-----	-----	-----
(a) For setting up of “Community Based Green Clubs”, the National Budget Department had made supplementary budget allocations of Rs.4,050,000 to 03 Divisional Secretariats for the Object No.260-1-1-0-2509 on 27 August 2019. Nevertheless, those provisions had not been utilized and the particulars relating to demanding the supplementary budget allocations had not been furnished to audit.	Action should be taken to furnish necessary information to the audit.	In the examination of monthly accounts records of the Treasury relating to the month of August, we recognized that provisions of Rs.4,050,000 had been allocated under the our expenditure head for the Object No.260-1-1-0-2509 and when making enquiries on those provisions, it has been informed that the above provisions have been made for the “Community Based Green Clubs” project.
(b) Relating to the project for the construction of the bridge at the Kurcusworld Lower Division on provisions of Rs.3,000,000 under the Gampereliya programme, bills had been prepared stating total bid amount of the contractor as the bills in hand of the project. Nevertheless, the bills in hand had not been furnished along with the Bills of Quantities and therefore, the accuracy of the bills could not be ascertained.	In the submission of bills, the Bills of Quantities should essentially be submitted.	Since more than 90 per cent of the works of the bridge had been completed by 30 November 2019, action was taken to prepare a bill relating to all the works to be done and retain the same. As pointed out by the audit, it is accepted that certain works had not been completed even as at 06 March 2020 and it has been informed that all the works have been completed at present.

1.6.5 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 check are analysed below.

	Observation	Recommendation	Comments of the Accounting Officer
Reference to Laws, Rules and Regulations	Value	Non-compliance	
(a) Establishments Code of the Democratic Socialist Republic of Sri Lanka.	Rs.		
(i) Chapter XII- Section 1.7	-	There were 38 instances where the leave recorded by each officer in the leave register had not been signed and approved by an authorized officer.	Action should be taken in accordance with the provisions in the Establishments Code. It has been informed that the said shortcoming had taken place due to not presenting the approved leave application immediately by the officers who availed of leaves.
(ii) Chapter XLVII - Section 13.2	-	Although the officers concerned should ensure that each preliminary inquiry is concluded without delay, activities pertaining to 05 preliminary inquiries of the Ambagamuwa Divisional Secretariat had been delayed for a period ranging from 03 months to 03 years.	Action should be taken in accordance with the provisions in the Establishments Code. It has been informed that the unimplemented recommendations of the inquiries have been implemented at present and other inquiries too will be conducted and completed immediately.

(iii) Chapter XIX – Section 3	Housing rents had been recovered on the occupants of government quarters based on the economic rent assessed 06 years ago. Without taking any action to revise that assessment, rents had been recovered from the salaries of the officers.	Action should be taken in accordance with the provisions in the Establishments Code.	It has been informed that steps will be taken to call for an assessment report from the Chief Assessor again regarding the government public service houses', relating to which economic rent is charging at present and to revise the economic rent accordingly.
(iv) Chapter XLIII - Section 24 of Part II of the Establishments Code	Three officers had been punished to deprivation of the entitlement of a government residence during their entire period of service without conducting a disciplinary inquiry.	Action should be taken in accordance with the provisions in the Establishments Code.	It has been informed that according to the letters issued to these officers, those officers had not been blacklisted, the three officers had made appeals and taking into account the matters contained therein, two houses had been taken back with the consent of the officers.
(v) Chapter XIX – Section 5.8	Although the charges for water and electricity used in a government quarters should be borne by the officers residing there, water meters and electricity meters had not been installed in 07 government quarters occupied by the officers.	Action should be taken in accordance with the provisions in the Establishments Code.	It has been informed that letters have been sent to the officials residing in the quarters who have not yet provided the numbers of the water and electricity meters to provide such information.

(vi) Chapter XIX – Section 6.4	-	<p>By referring letters, three officers who had retained nondependent individuals at the government quarters were informed that they were required to quit the quarters and that they would be blacklisted, whereas those officers had not been evicted from the quarters even by 24 February 2020.</p>	<p>Action should be taken in accordance with the provisions in the Establishments Code.</p>	<p>It has been informed that those officers were not blacklisted as stated in the letters issued to them and they had made appeals, and that two quarters were taken over with the consent of those officers by taking into consideration the matters contained therein.</p>
(vii) Chapter XIX- Section 6.7		<p>In paying electricity and water charges of the government quarters, those should be registered in the name of present occupier. Nevertheless, electricity and water bills of the government quarters of the Nuwara Eliya Divisional Secretariat had been paid in the name of the officers who had resided therein a number of years ago. However, action had not been taken even by 01 May 2020 to amend the above registration in favour of the officers who had subsequently resided in those quarters.</p>	<p>Action should be taken in accordance with the provisions in the Establishments Code.</p>	<p>The relevant officers have been informed in writing on 07 January 2020 to register the water and electricity bills of the government quarters in favour of the present occupiers of the quarters.</p>

- | | | | | |
|---|---|--|---|--|
| (viii) Chapter XIX-
Sections 3 and 4.3.4 | - | The District Secretariat had not maintained waiting lists separately incorporating the names of officers to reside in the government quarters under 06 categories of homes. | Action should be taken in accordance with the provisions in the Establishments Code. | It has been informed that action will be taken to prepare and submit separate waiting lists for the categories of homes. |
| (ix) Chapter XLIII - Section 24 of Part II of the Establishments Code. | - | No disciplinary action whatsoever had been taken in connection with the financial fraud committed by the officer in charge of the subject of issuing licences of the Kothmale Divisional Secretariat who had effaced information relating to the licence income of Rs.69,500 from the system. | Action should be taken in accordance with the provisions in the Establishments Code. | The relevant report has been submitted on completion of the preliminary inquiry. It has been informed that recommendations have been made to recover the value of the licences from the officer concerned and accordingly, action will be taken to recover the money. |
| (x) Section 14 of the First Schedule of Part II of the Establishments Code in relation to the possible offences of the Public Officers. | - | As a result of negligence of duties/dereliction of election duties and availing of leave without any notification by three officers of the Kothmale Divisional Secretariat, payment of their salary had been suspended in November, 2019. Nevertheless, at least a preliminary inquiry had not been conducted thereon. | Action should be taken in accordance with the provisions in Part II of the Establishments Code. | It has been informed that since the responsibility regarding completion of the activities of the Gamperaliya Project on due date and the responsibility of organising the activities relating to the conduct of election had been entrusted with the institution, the above decisions were taken and further, those were |

the decisions taken to streamline the affairs of the institute, but not for the purpose of taking steps by deliberately overriding the provisions of the Establishments Code.

(b) Financial Regulations of the Democratic Socialist Republic of Sri Lanka.

(i) Financial Regulation 314,875
- 138 (1)

Expenditure incurred by the Divisional Secretariats, Nuwara Eliya and Kothmale in 14 instances had not been debited to the prescribed Object and it had been debited to another Object.

Action should be taken in accordance with Financial Regulations.

It has been informed that since the provisions made under the Expenditure Head 260 being inadequate, these essential expenses were incurred from the possible administrative expenditure out of the provisions made under the capital Object for the implementation of a large number of development projects under the miscellaneous programmes in 2019.

(ii) Financial Regulation 138,748
- 139

Payments had been made without certifying expenditure in 15 instances by the Divisional Secretariats, Ambagamuwa, Kothmale and Walapane.

Action should be taken in accordance with Financial Regulations.

Kothmale
It has been informed that the officers were informed to produce confirmation to the effect that the field duties were properly performed, in claiming travelling expenses.

Walapane

It has been informed that the officers were informed to state the details relating to the expenditure on the vouchers.

Ambagamuwa

It has been accepted that the relevant attendance register was not attached with the relevant voucher owing to the busyness conditions prevailed.

(c) Public Administration
Circulars.

-

(i) Circular No.09/2009
dated 16 April 2009.

-

Without being approved the moving out of the office and the duty leave by an

Action should be taken in accordance with the provisions in

It has been informed that the officers were informed to obtain a proper

			authorized officer, the Circular.	approval in moving out of the office and that action is being taken accordingly.	
			officers of the Nuwara Eliya Divisional Secretariat had moved out of the office in 290 instances.		
(ii)	Circular No.01/2016 dated 11 February 2016.	-	Even though the officers of the Nuwara Eliya Divisional Secretariat had delayed in reporting to duties in 55 instances, those delays had not been had not been set off against the leave of the officers as required by the Circular.	Action should be taken in accordance with the provisions in the Circular.	It has been informed that the duties of the subject of leave have been streamlined and completed the recording leave for the delayed attendance.
(iii)	Paragraph 3.1 of the Circular No.30/2016 dated 29 December 2016.		Fuel consumption test relating to 02 motor vehicles belonging to the Ambagamuwa Divisional Secretariat had not been carried out as required by the provisions in the Circular.	Action should be taken in accordance with the provisions in the Circular.	It has been delayed that the fuel consumption test of the pool vehicle and the official vehicle of the Divisional Secretary was delayed owing to the adverse condition prevailed in the country and it will be carried out and report to the audit without delay.
(iv)	Circular No.20/2018 dated 21 August 2018.	-	Contrary to the provisions in the Circular, combined allowances had been paid to 4 trainee officers of the	Action should be taken in accordance with the provisions in the Circular.	It has been informed that instructions have been sought from the Secretary to the Ministry of Home Affairs and

Kothmale Divisional Secretariat who had not been paid the salaries.

the payment of combined allowances to the graduate trainees has been suspended until the instructions are given on that matter.

(d) Pensions Circulars

- | | | | | | |
|------|---|---------|---|---|--|
| (i) | Circular No.19/2006 dated 15 December 2006 and Paragraph 6.2 of the Grama Niladharees' Manual on Pension Activities issued by the Department of Pensions. | 158,692 | As action had not been taken according to the relevant provisions, the Grama Niladharees of the Divisional Secretariats of Nuwara Eliya, Walapane and Ambagamuwa Divisional Secretariats had delayed in informing the changes in the pensioners' registers to the Divisional Secretariats for more than 07 days. As such, overpayments of Rs.158,692 had been made in 08 instances, whereas it had not been recovered even by 10 February 2020. | Action should be taken in accordance with the provisions in the Circular. | It has been informed that the relevant Grama Niladharees were strictly warned regarding their failure to perform the statutory duties and that action has been taken to educate the Grama Niladharees in this connection on the general division date. |
| (ii) | Circular No.01/2009 dated 07 January 2009. | - | In terms of provisions in the Circular, a copy of the test reports and the recommendations of the medical board of three disabled | Action should be taken in accordance with the provisions in the Circular | It has been informed that only one female officer is engaged in the affairs of 2260 pension files and due to assigning heavy work load to |

			<p>pensioners who receive pension from the Nuwara Eliya Divisional Secretariat and the quarterly reports issued by the Grama Niladhari in support of the fact of being cared12 disabled pensioners of the Nuwara Eliya and Ambagamuwa Divisional Secretariat Division, had not been included in the files.</p>		<p>that officer, this shortcomings have taken place.</p>
(iii)	<p>Circular No.02 of the ඩීඑච්/Circular/2011 dated 14 June 2011.</p>	1,540,211	<p>Nuwara Eliya Divisional Secretariat had deposited the unpaid pension in the General Deposit Account in 08 instances and sent it to the Director of Pensions with a delay.</p>	<p>Circular provisions should be followed</p>	<p>It has been informed that that action is being taken to send them without such a delay</p>
(e)	<p>National Budget Circular</p> <p>-----</p> <p>Circular No. BD/GPS/130/9/14/MC-v dated 24 November 2016 and Letters No. BD/GPS/130/9/14/MC-ii dated 07 July 2015 and 06 January 2016.</p>	277,000	<p>Even though money had been recovered in the months of May and September, 2019 from two officers of the Ambagamuwa and Hanguranketha Divisional Secretariats who were in a post entitled to receive a</p>	<p>Action should be taken in accordance with the provisions in the Circular.</p>	<p>It has been informed that following the audit query, the money so recovered has been remitted to the Budget Department until the relevant documents are submitted in due course.</p>

motor bicycle, but subsequently not received the relevant post due to various reasons, such money had not been remitted to the Director General of National Budget even by 25 February 2020.

1.6.6 Non-compliance with the tax requirements

The instances of non-compliance with tax requirements observed at the audit test checks are as follows.

Audit Observation	Recommendation	Comments of the Accounting Officer
<hr/> <p>In terms of Pay As You Earn Tax Act No.24 of 2017, the PAYEE tax payable only once to an officer for bonus etc. should be computed as per the Tax Table No.02. Nevertheless, without being used Table No.02 in respect of the allowances payable to the Technical Officers for the preparation of estimates relating to the project of the Gamperaliya Accelerated Rural Development Programme, its supervision and recommendation of payments, allowances had been calculated based on the Table No.01 so as to equally receive the allowances to the officers monthly.</p>	<hr/> <p>Action should be taken in accordance with the provisions in the Circular</p>	<hr/> <p>Table No.01 had to be used according to the Guidelines given by the Department of Inland Revenue and Paragraph 1 of the Section 02 of the said Guidelines had given instructions to use salaries, commissions, overtime, travelling allowances, pensions etc. for this purpose and it has been informed that further clarifications in this connection will be sought from the Department of Inland Revenue.</p>

1.6.7 Irregular Transactions

The following observations are made.

(a) Un approved Transactions

The following observations are made

Audit Observation	Recommendation	Comments of the Accounting Officer
-----	-----	-----
Provisions of Rs.1,692,000 received by the Ministry of Disaster Management for the implementation of development proposals presented at Divisional Secretariats level in the Nuwara Eliya district had been granted to the Nuwara Eliya and Hanguranketha Divisional Secretariats on 21 May 2019 for the renovation of care centres. It was revealed at the physical inspection on the project activities that renovations had been carried out under the revised estimates instead of the proposed works in the estimation. Approval for the revised estimates had not been obtained from the Ministry of Disaster Management.	Approval for the revised estimates should be obtained from the Ministry of Disaster Management which granted the relevant provisions.	It has been informed that the provisions are obtained after preparing estimates and necessary revisions are made to the estimates in the implementation of the projects, and that special approval of the Ministry is not required for that purpose.

(b) Uncertified Transactions

The following payments had been made without formal certification.

Audit Observation	Recommendation	Comments of the Accounting Officer
-----	-----	-----
In terms of Financial Regulations 138(4), (6) and (8), the certification of all the vouchers should be done by an officer who is empowered to certify vouchers. Nevertheless, for 19 vouchers totalling Rs.6,006,137 of the Nuwara Eliya and Ambagamuwa Divisional Secretariats, payments had been made without certification.	Action should be taken in accordance with the Financial Regulations.	It has been informed that all the vouchers were certified.

2. Financial Review

2.1 Imprest Management

The following observations are made in connection with the Imprest Management.

Audit Observation	Recommendation	Comments of the Accounting Officer
-----	-----	-----
Although imprest of Rs.620,029,700 had been requested to settle the bills in hand in December of the year under review, only imprest of Rs.190,863,000 was received. Accordingly, the difference between the requested imprest and the actuals amounted to Rs.429,166,700. As a result, a sum of Rs.402,613,246 remained payable for the bills in hand relating to 452 projects completed by the end of the year.	Without delaying the submission of bills until the end of the year, bills should be presented for payments soon after the completion of the work as in the agreements.	It has been informed that when the requested amount is not received in a month, that amount will be added and the next month's imprest will be requested accordingly, and due to not receiving the imprest by the end of the year, a large number of bills in hand remained unsettled.

2.2 Expenditure Management

The following observations are made.

Audit Observation	Recommendation	Comments of the Accounting Officer
-----	-----	-----
Reasonable explanations with regard to the saving of total provision of Rs.4,050,000 relating to the Object No.260-1-1-0-2509 had not been made.	Estimates should be accurately prepared in terms of the Financial Statements.	It has been informed that the relevant projects were not implemented as per the instructions given to discontinue or postpone up to the next year the non-priority projects and projects not initiated contained in the budget proposals.

2.3 Incurring Commitments and Liabilities

The following observations are made.

Audit Observation	Recommendation	Comments of the Accounting Officer
<p>In terms of Paragraph 3.4 of the State Finance Circular No.271/2019 dated 03 December 2019, the Statement of Commitments and Liabilities under Note iii of the Account should be consistent with the Statement of Commitments and Liabilities issued by the Treasury and any liability thus not reported should not be settled in the year 2020. Nevertheless, any liability amounting to Rs.1,847,817 presented in the financial statements had not been included in the Statement of Commitments and Liabilities issued by the Treasury.</p>	<p>Financial statements should be prepared in accordance with the provisions in the circular.</p>	<p>It has been stated that if the provisions of the Cigas Programme is saved, liabilities can be included. But the liabilities arose due to inadequacy of the provisions have been stated in the account.</p>

2.4 Utilization of Provisions Granted by other Ministries and Departments

The following observations are made.

Audit Observation	Recommendation	Comments of the Accounting Officer
<p>According to the expenditure report, 2019, as the provisions made by other ministries and departments under 15 Capital Objects had not been properly utilized, provisions ranging from 15 per cent to 99 per cent had been saved.</p>	<p>Provisions should be properly utilized.</p>	<p>It has been informed that all the programmes planned could not be implemented due to not allocating provisions.</p>

2.5 Issue and Settlement of Advances

The following observations are made.

Audit Observation	Recommendation	Comments of the Accounting Officer
(a) Although the ad hoc sub imprests had to be settled within 10 days of the completion of the purpose, the total imprests amounting to Rs.58,150 had been settled on 06 occasions with a delay of 38 days to 71 days.	Action should be taken in accordance with Finance Regulation 371/(5) as amended by the Public Finance Circular No. 3/2015 dated 14 July 2015.	It has been informed that all the officers involved in the programmes have been instructed to settle the advances on the due date.
(b) The outstanding loan balance due from the three officers who were transferred to the Provincial Council from the Nuwara Eliya and Ambagamuwa Divisional Secretariats was Rs.788,403. The loan balances had continued to exist over period ranging from 03 to 12 months, whereas it had not been recovered even by the end of the year under review.	Action should be taken to recover the granted loan without delay.	It has been informed that the loans of all the officers transferred to Local Government Institutions are not repaid at once and it will be remitted by the monthly instalment recovered.
(c) A loan balance of Rs.49,985 that continued to exist for a period of 05 years from an officer who had vacated the service of the Nuwara Eliya Divisional Secretariat and a balance of Rs.459,818 that remained outstanding for a period of 01 to 05 years from three interdicted officers could not be recovered even at the end of the year under review.	Action should be taken to recover the granted loan without delay.	It has been informed that the officers who were interdicted and had left service have been informed to pay off their debts and part of the money has been settled. Since then payments have not been made and therefore, action will be taken to recover the balance legally.

2.6 Deposits

The following observations are made.

Audit Observation	Recommendation	Comments of the Accounting Officer
----- Financial Regulations 571 had not been complied with in respect of 28 deposit balances totalling Rs.5,358,120 relating to of 03General Deposit Accounts.	----- Action should be taken in accordance with Financial Regulations	----- It has been informed that although the land deposits remain more than 10 years, this situation has arisen due to the delay in land acquisition process of the Ministry of Lands and other institutions.

2.7 Operating Bank Accounts

The following observations are made.

Audit Observation	Recommendation	Comments of the Accounting Officer
-----	-----	-----
(a) According to Financial Regulation 395(c), the bank reconciliation statements are required to be prepared before the 15 day of the month following the expiration of one month, whereas bank reconciliation statements for the bank account of the Nuwara Eliya Divisional Secretariat relating to the months from August to December 2019 had not been submitted to audit even by 19 May 2020.	Action should be taken in accordance with the provisions in Financial Regulations.	It is acknowledged that there has been a delay in the preparation of bank reconciliation reports due to the shortage of officers and the bank reconciliations up to December 2019 have been prepared and submitted.
(b) Action in terms of Financial Regulation 396(d) had not been taken on 11 expired cheques totalling Rs.65,982 which had been issued but not submitted to bank and mentioned in the bank reconciliation statements of the two Divisional Secretariats in Nuwara Eliya and Walapane.	Action should be taken in accordance with Financial Regulations 396(d).	It has been informed that the bank reconciliation for the month of December 2019 does not include cheques worth Rs.29,437 exceeding for more than 6 months and action has been taken on other expired cheques.

3. Operating review

3.1 Failure to Discharge Functions

3.1.1 Failure to Discharge Functions Included in the Action Plan

The following observations are made.

Audit Observation	Recommendation	Comments of the Accounting Officer
-----	-----	-----
(a) Although the District Women's Development Unit had planned to identify potential institutions to build 25 houses and to amalgamate the projects to meet the development needs of widows, those projects had not been implemented. According to the action plan, it was expected to conduct training programs for 250 widows and direct 50 women to self-employment, but the projects were not implemented.	Projects should be implemented as planned.	It has been informed that although all the programs were planned to be implemented, it could not be done due to non-allocation of funds for that purpose.
(b) Projects to improve nutritional status of the women in estate sector and the projects to build 25 latrines to improve their sanitation facilities had not been implemented.	Activities should be carried out according to desired plans.	It has been informed that although all the programs were planned to be implemented, it could not be done due to non-allocation of funds for that purpose.
Although it had been planned to build a shopping complex in one public place in the district for women entrepreneurs, it was not fulfilled.	Activities should be carried out according to desired plans.	It has been informed that a shop for women is being maintained at the Nuwara Eliya Economic Center at present.

- | | | | |
|-----|--|--|--|
| (c) | Even though the Cultural Division had planned to secure 25 tourist attractions and 10 archaeological sites in 05 Divisional Secretariat Divisions, no information had been furnished to audit regarding the action taken in this regard during the year. | Action should be taken to achieve the desired goals as per the Action Plan. | Funds have not been received at the Ministerial level for this purpose and as this is a work being done under the Central Cultural Fund, it has been informed that this program is to be implemented this year by informing the Central Cultural Fund. |
| (d) | The objectives such as construction of 51 playgrounds in pre-schools, providing sanitary facilities for 21 pre-schools, construction security fences in 07 pre-schools, provision of learning equipment for 35 pre-schools and provision of desks and chairs to 12 pre-schools planned Under the Early Childhood Development Programme had not been implemented during the year. | Action should be taken to achieve the expected goals according to the Action Plan. | It has been informed that a draft of the performance report to be submitted has been furnished to audit and the shortcomings will be corrected and tabled. |
| (e) | The projects planned to be implemented by the Nutrition Development Needs Program in the Kotmale and Nuwara Eliya Divisional Secretariats to get rid of the nutritional risk of children aged from 01 to 05 years had not been implemented. | Action should be taken to achieve the expected goals according to the Action Plan. | It has been informed that a draft of the performance report to be submitted has been furnished to audit and the shortcomings will be corrected and tabled. |

3.2 Activities Contrary to the Key Functions

The following observations are made.

Audit Observation	Recommendation	Comments of the Accounting Officer
-----	-----	-----
According to the Paragraph 02 of the Ministry of National Policies, Economic Affairs, Resettlement and Rehabilitation, Northern Province Development, Vocational Training and Skills Development and Youth Affairs Circular No.MFMM/DFD /01/2019 dated 01	Project should be implemented in keeping with the objectives of the development work program.	Not replied

January 2019 under Gamperaliya Accelerated Rural Development Program-2019, the project may make provisions to convert a temporary roof into a permanent roof. Nevertheless, a project worth Rs.300,000 each implemented under the supervision of the Kotmale Divisional Secretariat had been granted to a newly constructed house contrary to the objectives.

3.3 Failure to Achieve Expected Outcome

 The following observations are made.

Audit Observation	Recommendation	Comments of the Accounting Officer
-----	-----	-----
(a) The project of the preparation of weekly fair in Pundaluoya town under the supervision of the Kotmale Pradeshiya Sabha had been implemented and its work had been completed on the allocations made to the Kotmale Divisional Secretariat. It was observed during the inspection of the project that the weekly fair had been constructed using a partly completed building for the construction of the Pundaluoya bus stand. The roof should have a maximum spacing of 1.5m between two horizontal C-purlin when finishing the roof of the building. But, the roof had been constructed using C-purlin with a gap of 2.15m without being complied with the engineering standards. Although C- purlin was placed on the concrete pillars, there were places where the roof had been made by soldering one wire in places where it was difficult to keep the C- purlin on the columns.	Projects should be implemented according to the estimate and the prescribed specifications.	The preparation of weekly fair in Pundaluoya town is a project implemented by Kotmale Pradeshiya Sabha. The audit query relating to the matters pointed out by the audit has been directed to the Kotmale Pradeshiya Sabha and has been informed to reply immediately. It has been informed that steps will be taken to rectify the relevant deficiencies.

- (b) Kotmale Divisional Secretariat had implemented the Ranwantalawa Ikkawa Canal Development Project under the supervision of the Nuwara Eliya District Office of the Agrarian Development Department. It was observed during the physical inspection conducted on 26 February 2020 that the width of the canal side wall should have been 220mm according to the approved plan, but it ranged from 200mm to 220mm. There were places where the canal side wall had been built on the rocky surface of the canal and they were not properly connected to the ground. According to the plan, the surface area of the side wall should be 600mm and the part of the ground (foundation) should be 300mm, but there were places where the surface area of the superstructure was 900mm. This sidewall had been built on top of the existing sidewall without removing the bottom. There were bee hives in several places on the wall built.
- Projects should be implemented according to the estimate and the prescribed specifications.
- The development of Ranwantalawa Ikkawa Canal is a project implemented by the Nuwara Eliya Agrarian Development District Office and the audit query has been sent to the Agrarian Development District Office regarding the facts pointed out by the audit. It has been informed to reply immediately and steps will be taken to rectify the shortcomings before releasing the retained money.
- (c) It was observed during the physical inspection carried out on 26 February 2020 on the Wewahinna main road development project implemented by the Kotmale Divisional Secretariat that three places on the road had cracked. Although the Kotmale Divisional Secretary had informed the contractor in writing on 08 January 2020 to repair the road, no action had been taken to repair it by 26 February 2020, the audit date.
- Projects should be implemented according to the estimate and the prescribed specifications.
- Following the Development Officers reported that there were cracks on the road during the maintenance period of the project, the relevant contractor was informed in writing on 08 January 2020 to repair it on the instructions of the Technical Officer. Accordingly, it has been mentioned that the road has been rehabilitated and the retaining money will be released after confirming the fitness of the reconstructed

section.

- (d) The project to develop the Helboda Wewahinna Canal had been implemented under the supervision of the Agrarian Services Office of the Nuwara Eliya District on the provisions made to the Kotmale Divisional Secretariat. It was observed during the physical inspection of the project carried out on 26 February 2020 that water was leaking into the houses below the canal as the section up to 40 meters from the bottom of the canal had not been prepared.
- Projects should be implemented according to the estimate and the prescribed specifications.
- It has been informed that the project has been implemented by the Agrarian Development District Office, Nuwara Eliya and the audit query has been directed to the Agrarian Development District Office regarding the matters pointed out by the audit. They have been informed to reply without delay and replies will be referred soon after the relevant answers are received. Action will be taken to rectify the shortcomings.
- (e) The contract for the development of the Serupitiya Upper Road constructed at a cost of Rs.1,000,000 by the Walapane Divisional Secretariat had been completed. It was observed during the physical inspection conducted on 07 February 2020 that Shoulders on the road had not been prepared on both sides and the road had been constructed regardless of the fact that there was a place needing a retention wall to be built essentially.
- Projects should be implemented according to the estimate and specifications.
- It has been informed that action will be taken to submit a proposal regarding the construction of a wall here in future development schemes as pointed out by the audit.
- (f) The development of the Pedro Estate road and the construction of the side wall had been carried out under the supervision of the Nuwara Eliya Divisional Secretariat. It was observed during the physical inspection carried out on 03 March 2020 that a side wall had been constructed for the road at a cost of Rs.1,278,435. The side wall had not been built according to the approved plan and some of
- The project should be implemented according to the estimate and the prescribed specifications.
- It has been informed that a large number of construction projects under various programs had to be carried out under the supervision of three officers comprising two Technical Officers and a Technical Assistant during the year 2019 and the relevant officials have been informed to prevent such errors.

the weepholes in the side wall had been placed away from the sinex.

- (g) The Curkesworld Lower Division Bridge Construction Project had been implemented at a cost of Rs.3,000,000 under the supervision of the Ambagamuwa Divisional Secretariat. It was observed during the physical inspection of the bridge conducted 06 March 2020 that the concrete used for the winwalls on both sides was substandard and there were beehive defects.
- The project should be implemented according to the estimate and the prescribed specifications.
- It has been informed that the District Engineer has been informed to conduct a hammer inspection on the locations where the audit has shown that the concrete is substandard and to submit a report thereon, and that future steps will be taken on the receipt of the report.
- (h) The Ambagamuwa Divisional Secretariat had implemented the Hatton Abostly Estate Playground Construction Project at a cost of Rs.2,000,000. Payment of Rs.559,480 had been made for the construction of the retaining wall, one of the items included in the Bill of Quantity. Although Rs.7,003 had been paid for the installation of drainage pipes in the retaining wall, which are essential to ensure the survival of the wall, blocks had not placed near the pipes. Although Rs.76,456 had been spent on the floor of the stadium, it had been cracked. There were places where the rendering of the earth was about 1 1/2 inches. A sum of Rs.81,980 had been spent on the side drains and it had been cracked even by 31 May 2020 and a substandard concrete mixture had been used.
- The project should be implemented according to the estimate and the prescribed specifications.
- It has been informed that these deficiencies have been noted for rectification before the payment of retention money for these work, the District Engineer has been informed to conduct a hammer inspection on the locations where the audit has shown that the concrete is substandard and to submit a report thereon, and that future steps will be taken on the receipt of the report.

3.4 Failure to Achieve the Expected Outcome

The following observations are made.

Audit Observation	Recommendation	Comments of the Accounting Officer
-----	-----	-----
(a) Ministry of National Policies Economic Affairs, Resettlement and Rehabilitation, Northern Province Development, Vocational Training and Skills Development and Youth Affairs had made provisions of Rs.42,500,000 to the Nuwara Eliya District to provide solar energy facilities to religious places under the Gamperaliya Accelerated Rural Development Program. An agreement had been entered into with a private company in August 2019 for the installation of 55 solar power systems at a cost of Rs. 23,479,500 out of the above provisions. Accordingly, the contractor was required to complete the installation of solar power systems by 31 December 2019, whereas the 05 of the projects inspected had not been completed even by 13 February 2020, the date of audit. None of the completed projects were in operation. There were five instances where the solar panels in the projects had not been properly mounted horizontally, and Bakers applied less than the specification.	Projects should be implemented within the contract period to achieve the objectives as per the estimate and prescribed specifications.	It has been informed that the shortcomings pointed out by the audit query on the payments for these projects were fully identified during the field inspection and the relevant parties were instructed to make payments after rectifying the deficiencies and since the relevant religious institution has entered into agreements with the Ceylon Electricity Board, relevant work is being carried out at present.
(b) Under the Gamperaliya program, the Walapane Divisional Secretariat had spent a sum of Rs.2,000,000 for the construction of the playground of the Alma	The project should be implemented within the contract period to achieve the objectives as per the estimate and	It has been informed that according to the amount of money received, the essential elements of the construction of the playground have been

Estate Seaton Division. It was observed during the physical inspection carried out on 18 February 2020 that a large number of boulders had been found during the excavation of the ground and the ground could not be used due to insufficient removal of such boulders from the ground. Levelling work of the ground had not been estimated.

the prescribed specifications.

basically made and the relevant payments have been made. Having done a field inspection by the District Engineer of the District Secretariat with regard to the overpayment and calculated the overpayments, a sum of Rs.193,400 has been recovered on 22 May 2020 and credit to the Government Revenue and that the relevant Contractual Society has been informed of the quarrying and the Society has agreed to carry out the work and that it is expected to carry out the work with the overpayment further due.

- (c) Under the Rural Infrastructure Development Program, a contract worth Rs.7,026,669 had been entered into for the implementation of the Robhil Estate Road Carpeting Project. Work of the project valued at Rs.6,414,560 had been completed. Drainage had not been constructed on both sides of the road and by 10 March 2020, there were places with cracks at both ends of the road due to non-fulfilment of essential items. Also, there were many places where the road was not compressed properly. There was a risk of water leaking into the road as there were places where water could leak into the road from some parts of the road. All the road Edge Markings on both sides of the road had been cracked and Rs.250,000 had been paid for the necessary road signs, markings and lights, even if such items had not been installed.

The project should be implemented within the contract period to achieve the objectives as per the estimate and the prescribed specifications.

The contractor has been instructed to complete the non-compliant areas and to repair any defects in the road signs at either end of the road. It has been informed that the payment of Rs.25,000 has been made during the contract period for the relevant signs such as emulsion, asphalt laying, sign boards, flagpoles and barricades.

- (d) The tarring work on the Pasal Drainage should be It has been informed that the Janapada Mawatha starting near the constructed so as to contractual society was Ambagamuwa Samurdhi Bank had drain the water from informed to adjust the drains been completed. It was observed the road. above the road level to drain during the physical inspection carried out on 10 March 2020 that most of the concrete drains constructed on the road were about 6 inches above the road and although the water could not drain through the drains, the value of the certified bills amounted to Rs. 1,106,873.

3.5 Abandonment of Projects without Completion

 The following observations are made.

Audit Observation	Recommendation	Comments of the Accounting Officer
-----	-----	-----
(a) For the implementation of Papeeno cultivation project in Nuwara Eliya area, the Presidential Secretary had granted provisions of Rs.1,116,938 on 02 May 2019. In the preparation of project proposal relating to this, 11 beneficiaries had been identified. However, by stating reasons for not commencing the project activities as their lack of interest, project had been abandoned.	Action should be taken to complete the projects so as to receive the maximum benefits to the people from the provisions made.	It has been informed that the drop of prices for Papeeno owing to decrease in demand with the drop of tourist visit resulting from the incident on 21 April 2019 has been the main reason for not to implement this project.
(b) For the implementation of Bird Chilly (<i>Nai Miris</i>) cultivation project, the Presidential Secretariat had granted provisions of Rs.2,927,775 to the District Secretariat on 25 September 2019. According to the project proposal, selection of beneficiaries should have been done in January, 2019.	Action should be taken to complete the projects so as to receive the maximum benefits to the people from the provisions made.	When the approval for the project report was received, the estimate presented for the approval had exceeded the market price and therefore, an estimate had been submitted again on that day itself and it had been approved on 11 October 2019. Future activities

After a delay of 10 months, beneficiaries had been identified on 28 October 2019. However, project activities had not been commenced with 50 per cent contribution of those beneficiaries. As procurements had not been carried out for the construction of Polyunnel, provisions had been returned and the project had been abandoned.

were carried out accordingly and it has been informed that due to conducting the presidential election during that period it could not be implemented.

- (c) An expenditure estimate of Rs.3,080,000 had been prepared for a hybrid chilly seed production project. It had been identified that about 235 beneficiaries could be employed under the project. According to the time schedule of the project plans had been drawn to purchase and install equipment, and implement the project in the months of July, August and September. Even though the provisions had been approved by August 2019, due to delay in the procurement activities relating to the purchase of machines/cold stores and not properly identified institutions for the purchase of relevant items, these provisions had been returned and the project had been abandoned.

Action should be taken to complete the projects so as to receive the maximum benefits to the people from the provisions made.

It has been informed that as a significant amount of expenditure requires relating to the trainings of 07 projects, it was scheduled to train a group of identified beneficiaries once the approval is received. Nevertheless, it was not possible to obtain the consent of the beneficiaries to initiate the project by obtaining 50 per cent contribution until the project is approved and due to taking time for the preparation of specifications on the machines and cold stores, a longer period had been taken to inform the calling for bids.

3.6 Delays in the Implementation of projects

The following observations are made.

Audit Observation	Recommendation	Comments of the Accounting Officer
(a) According to the agreement of the project for concreting the Thilaniwatta Road implemented under the Rural Infrastructure Facility Development Programme of the District Secretariate Nuwara Eliya, the project was to be initiated on 08 October 2019 and completed 18 December 2019. Even though this contract worth Rs.19,931,926 had been awarded to a private company, it was observed at the physical inspection carried out on 06 March 2020 that work valued at Rs.14,089,212 or 70 per cent of the estimated value only had been completed.	Action should be taken to complete the project on time in keeping with the estimate and the prescribed specifications so as to achieve the goals.	As the contractor submitted the bills only for the works of the project completed as at 31 December 2019, seventy per cent of the value had to be paid.
(b) According to the contract for the construction of the Kurksworld Lower Division Bridge, which was implemented under the Rural Infrastructure Development Program, the contract was to be commenced on 25 March 2019 and completed on 25 September 2019. The bills had been prepared to the effect that the works were completed by 30 November 2019. Although bills amounting to Rs.1,940,000 were retained as the bills in hand, work in the project had not been completed even by 06 March 2020, the audit date.	The project should be implemented within the contract period to achieve the objective as per the estimate and the prescribed specifications. Action should be taken to avoid preparing bills for the work not done.	After being informed by the National Gem and Jewellery Authority that the soil to be excavated from the proposed site for the construction of the bridge may comprise gem gravel, it was not possible to immediately prepare a methodology to regally remove that soil and therefore works of the bridge could not be initiated.

- | | | |
|--|--|--|
| <p>(c) Under the Rural Infrastructure Development Program, a project had been implemented to tar the Dekinda Road near the Bagathuluwa Fisheries Center. The final bills worth Rs.736,135 had been prepared and retained to the effect that the work was completed so as to comprise 136 meters in length and 3.1 meters in width of the road. Only 79.5 meters of the road had been tarred and developed by 10 March 2020, the date of the audit.</p> | <p>The project should be implemented within the contract period to achieve the objective as per the estimate and the prescribed specifications. Action should be taken to avoid preparing bills for the work not done.</p> | <p>It has been informed that the work was delayed due to fears of the contractual societies that they would face financial hardship due to the lack of funds at the end of the year, and as a result, work of some industry could not be completed at 100 per cent as per the estimates.</p> |
| <p>(d) The work of tarring at second time on the Pasal Janapada Mawatha starting near Ambagamuwa, Samurdhi Bank and tarring and developing the Ambagamuwa Coolborn Road under the Gamperaliya Programme had not been carried out even by 10 March 2020, the date of audit. Nevertheless, bills worth Rs. 1,749,257 and Rs.1,738,860 respectively had been prepared as on 30 November 2019 stating that the work was completed.</p> | <p>The project should be implemented within the contract period to achieve the objective as per the estimate and the prescribed specifications. Action should be taken to avoid preparing bills for the work not done.</p> | <p>According to the audits, it is acknowledged that the second tarring had not been done by 10 March 2020 and it has been reported that the work has been completed by now. It was also informed that the final payment of the industry has not been made to the contractor.</p> |

3.7 Projects without progress despite the release of funds

The following observations are made.

Audit Observation	Recommendation	Comments of the Accounting Officer
-----	-----	-----
<p>(a) The Ministry of Buddha Sasana had made provisions of Rs.2,000,000 for the completion of the remaining work of the three storied building and the construction of the Relics House of the Thibbatugoda Viharayain the</p>	<p>The projects should be implemented within the contract period to achieve the objective as per the estimate and the prescribed specifications.</p>	<p>It has been informed that the relevant construction work has been carried out in accordance with the development proposals received from various Ministries and Departments and at the request of the Dayaka</p>

Walapane Divisional Secretariat division. As pointed out by my audit query No. CL/NE/A/WAL/2019/6 dated 11 March 2019, the government had spent Rs.6,873,981 for this temple over a period of 04 years. The following shortcomings were covered in that regard.

- (i) The bath tub and commode fitted to the bathrooms a cost of Rs. 90,000 as per the estimate were substandard and no warranty period had been given for those items.
- (ii) An estimate worth Rs.109,500 had been prepared for the construction of a covered roof over the bridge that had been built connecting both sides of the road. The roof had been made by folding roofing sheets instead of using roofing felt without being complied with due substandard.
- (iii) A sum of Rs.243,352 had been estimated for doors and Rs.60,350 had been estimated for the door locks. But the door locks were not fastened to the doors that were fitted. Further, the doors had been made without being complied with the standards using immature timber and wood strips for the defective parts.

Sabha, and that it has been proposed to construct the Relics House and complete the remaining works as per the provisions received for this year.

The contractor has been informed about the installation of substandard bathroom accessories and their removal and it has been informed that the payments have been delayed until completion of the relevant work.

It has been informed that shortcomings in the roof, as has been pointed out by the audit, have already been rectified.

It has been informed that instructions have been given to remove the substandard doors and replaced them with standard doors and door locks, and that the payments have been temporarily suspended.

- (b) For the construction of 105 houses at the Liliesland Estate, Wedamulla to resettle people living in landslide prone areas, the Ministry of Disaster Management had provided the first instalment of Rs. 21,000,000 to the Kotmale Divisional Secretariat on 23 July 2018. Allocations had been returned due to non-commencement of relevant projects in 2018. In the year 2019, provisions of Rs. 8,000, 000 had been made for the construction of 40 houses under the supervision of the Plantation Human Resource Development Trust under the above project itself. Agreements had been reached to lay the foundations of those houses on 05 May 2019 and 26 November 2019. During the site inspection carried out on 23 December 2019, it was observed that the work of laying the foundations had commenced in only 27 houses. According to the agreement signed on 05 May 2019, the foundation work of 20 houses was to be completed by 05 June 2019, but that work had been completed only in two houses. A sum of Rs.11,600,000 had been received from the Ministry of Disaster Management for the completion of the foundations of the remaining 58 houses and it had been returned by the Plantation Human Resource Development Trust to the Divisional Secretary of Kotmale on 31 December 2019.
- Projects should be implemented within the contract period to achieve the objectives according to the estimate and specifications.
- This land was released from the estate authority and the treasury after 3years for the construction of houses and as it is difficult for the beneficiary to build the house himself, this work can be done by giving the ownership of the land to these people in the same manner as the ownership of the houses already being constructed by the Ministry of Upcountry New Villages, Infrastructure and Community Development. It has been informed that approval has been received on 27 December 2019 for the construction of houses through the Plantation Human Development Trust, a subsidiary of the Ministry of Upcountry New Villages, Infrastructure and Community Development, subject to conditions from the National Disaster Relief Services Center.

- (c) Provisions had been made in 2019 for an estimate prepared in 2017 to resettle people living in landslide-prone areas. Due to this matter, the construction of houses only for 177 families had commenced although the number of families to be resettled in the Nuwara Eliya District was 1087. Projects should be implemented within the contract period to achieve the objectives according to the estimate and specifications. Not replied.
- (d) Provisions of Rs.56,825,000 had been requested for 25 projects in 2018 and Rs.81,347,300 for 39 projects in 2019 relating to the implementation of disaster mitigation projects in Nuwara Eliya district. The receipts of provisions remained low in 2018 and 2019. In the year 2019, provisions of Rs.1,994,258 had been received for one project alone. According to detailed reports on the project, proposals had been submitted every year from 2017 to 2019 for certain identified projects. Of the 39 projects for which funding was requested in 2019, 12 projects were the projects to be carried out in areas designated as risk zones by the National Building and Research Organization. There were instances where people had to be evacuated from these areas at times of various disasters due to non-implementation of identified disaster mitigation projects in recent years. Action should be taken to implement projects identified to minimize disasters. Not replied.
- (e) Provisions of Rs.49,200,000 had been made to the Divisional Secretariat for resettlement activities in the Nuwara Eliya District during the year under review. Out of which, Rs.27,988,000 had been utilized and Rs.21,012,000 or 43 per cent of the Action should be taken to implement projects identified to minimize disasters. Not replied.

provisions had been saved and returned.

- | | | |
|--|---|--|
| <p>(f) District Agriculture Division had submitted 07 project proposals to the Presidential Secretariat for implementation in the Nuwara Eliya District during the year under review. of Rs.21,950,910 had been received from the Presidential Secretariat during the year for the implementation of 04project proposals. Only one of these projects had been implemented. As action had not been taken to commence the projects, provisions of Rs.7,124,713 had been saved and those provisions were returned according to the Letter of the Secretary to the Treasury No. BD/GPS /155/09/01 / HA-2019, dated 20 November 2019.</p> | <p>Provisions made should be used to provide maximum service to the public.</p> | <p>It has been informed that the project activities could not be initiated due to the decrease of the demand of the hotels for the Papeeno owing to the decrease in tourist arrivals resulting from the situation on 21 April 2019, delays in getting approval for project reports and delays in preparing specifications for machinery and cold stores.</p> |
|--|---|--|

3.8 Annual Performance Report

The following observations are made.

Audit Observation	Recommendation	Comments of the Accounting Officer
-----	-----	-----
<p>(a) Among the special targets achieved by the District Secretariat in the year 2019 were the financial and physical performance achieved by the GramaShakthi People's Movement and the identification of various new sources of income. However, out of the 15 projects planned to be launched by the Gramashakthi People's Movement last year, 06 projects had been abandoned by the end of the year under review and the targets and</p>	<p>Action should be taken to carry out planned projects as mentioned in the approved project proposal so as to provide maximum public service on the provisions allocated.</p>	

physical conditions of the functioning industries were as follows.

- | | | | |
|-------|---|--|--|
| (i) | Grass cultivation had been scheduled to commence in February 2018 under the project to increase the annual income of grass growers and it was postponed to June 2018. According to the project report, a lorry for hauling grass and a grass cutting machine had been planned to be purchased, whereas those were not purchased even by December, 2019. Although it had planned to cultivate grass in an area of about 50 acres, the area under cultivation was approximately 17 acres or 34 per cent. The grass plant sale had been scheduled to begin in March 2019. Out of 70 farmers, only 871 kg of grass had been sold by one farmer. | Projects should be planned to provide maximum public service on the allocations made and action should be taken to implement it as mentioned in the approved project proposal. | It has been informed that although the plantation authority had verbally agreed to release the vacant lands for planting of grass, the plantation authority did not release the lands in writing and therefore, it has been the main reason for the delay in the commencement of the project. It is expected that a lorry will be purchased from the Phase II provisions for the transportation of grass and due to the fact that clearing of lands and preparation of pits had to be done in a very systematic manner on the advice of a veterinarian, the project was delayed. |
| (ii) | Construction of 32 safe houses had been scheduled to commence in January 2019 according to the project proposal to increase the income of flower growers in the Nuwara Eliya District. It was delayed till 28 November 2019, thus hampering the success of the project. | Projects should be planned to provide maximum public service on the allocations made and action should be taken to implement it as mentioned in the approved project proposal. | It has been informed that although the project was scheduled to begin in January 2019, funding therefor was received in July. The construction work of all the safe houses has been completed by now. |
| (iii) | For the project to increase the income of dairy farmers in the Venture Grama | Action should be taken to minimize obstacles to achieve the desired | Activities and the time frame for implementation of the project mentioned in the project |

Niladhari Division of the Ambagamuwa Divisional Secretariat Division, required machines had been purchased at a cost of Rs.908,635 in December 2018. The project had been launched in August 2019. The prediction activities were being carried out at a church building located in the area and the lack of a specific location and the lack of a vehicle to carry out the supply to meet the demand had been an obstacle to the success of the project.

results of the projects.

proposal submitted and approved by the Development Officer of the Venture Division of these projects have changed due to practical reasons. It has also been informed that the church building has been selected to maintain the project temporarily until a permanent location is selected.

(iv) For the project to increase the income of the agriculture producers in the Jambutenna Grama Niladhari Division of the Ambagamuwa Divisional Secretariat by adding the value of dried spices, equipment had been purchased at a cost of Rs. 827,310 in December 2018 from the allocations received for the project. Work on the project had been begun in March 2019. Out of the 83 members of the society, only 5members had actively involved in the project. The income earned by the project from March to December 2019 was only Rs.19,475.

Steps should be taken to get maximum benefit from the projects started.

It has been informed that although the necessary equipment was purchased in December 2018, a technical error occurred during the installation of the motor in the dehydrator, and the motor was replaced and installed on 24 April 2019 and that five members of several small groups who are not dedicatedly involved in an extra revenue generating process are involved in the project.

(v) A project to produce eco-friendly hygienic lunch sheets using banana leaves in the Daliwela South Grama Niladhari Division of the Walapane Divisional

Action should be taken to make the project a success.

It has been informed that although the procurement of seedlings was delayed, gradual decline in the interest of the people of the area was observed due to not receiving a

Secretariat Division had been launched in November 2018 at a cost of Rs.1.74 million. The project had failed and subsequently been dysfunctional due to the fact that the purchase of banana plants, the main raw material for the project, had not been given priority and the electricity capacity required for the operation of the machine had not been taken into account in spending money on the relevant building.

considerable income within the short period, despite the efforts of the officials to plan and execute the future activities as mentioned above, and that by giving this project to other interested Gramashakthi Division, it will be possible to prevent the misuse of government funds.

- (vi) Sewing machines had been provided at a cost of Rs.1,559,687 to 35 beneficiaries engaged in the garment industry in the Pundaluoya South Grama Niladhari Division in the Kotmale Divisional Secretariat Division. A system had not been put in place to obtain the contribution of the beneficiaries for the advancement of the society from the income received from the project.
- A system should be formulated to obtain the contribution of the beneficiaries for the advancement of the society from the income received from the project.
- It has been informed that arrangements have been made to recover the total value of project inputs given to the beneficiaries in instalments to the Gramashakthi Janatha Society Fund. Once the full amount is recovered, in consultation with the officials of the Society, action will be taken to recover some of the proceeds to the Society fund.
- (vii) A sum of Rs. 2,589,602 had been spent for the implementation of jute production promotion project in Poramadulla Grama Niladhari Division of Hanguranketha Divisional Secretariat. Although the flax production machine had been purchased on 12 March 2019, the jute seedlings were
- Steps should be taken to increase income.
- It has been informed that this project is primarily aimed at entrepreneurs who have made the jute industry as their additional source of income. As part of the project, an abandoned building had to be developed and brought up to the level of a centre that could be maintained as a training centre.

planted in October 2019. Although a jute fibre production machine had been purchased at a cost of Rs. 120,000, the industrialists had to pay additional amount to produce the jute fibre by machine. The traditional fibre production system had been used from March to December 2019 and earned only Rs. 2,505.

- | | | | |
|-----|--|---|--|
| (b) | Even though 2881 Gamperaliya projects had been planned to be implemented, 2348 of these projects had been completed and 533 projects had been abandoned by 31 December 2019. Although provisions of Rs.42,500,000 had been allocated for power generation by solar power systems to 85 religious centers in the district under the Gamperaliya program, no project whatsoever was in operation till 10 March 2020, the audited date. | Projects should be designed to provide maximum public service on the provisions granted and action should be taken to implement the approved project as stated in the project proposal. | It has been informed that the relevant religious places should enter into an agreement with the Electricity Board to in order to make these projects operational and the steps towards that end are in progress. |
| (c) | After obtaining a quality inspection report on concrete from the company that supplied the concrete to the Nuwara Eliya Divisional Secretariat, a sum of Rs.47,220,750 had been paid for 31 projects which were subject to sampling. | Action should be taken to obtain inspection reports from independent institutions. | It has been informed that the quality inspection reports signed and certified by the engineers of the ready-mix supplier institute have been accepted. |
| (d) | The progress of the Disaster Management Division had not been included in the performance report. The resettlement process was slow and the number of families to be resettled was 1087, but only the work up to laying foundations of houses for 177 families had been completed. Although 144 | Projects should be completed by giving priority to the affected people. | According to the annual plan, an action plan was prepared to carry out 144 programs and 17 projects in the district and it has been informed that all the programs planned for the year 2019 could not be completed due to not receiving necessary provisions. |

awareness and training programs had been planned to be conducted throughout the district during the year, only 33 training programs were conducted.

- | | | | |
|-----|---|---|--|
| (e) | Although 350 rural infrastructure development projects had been planned to be implemented, only 140 projects or 40 per cent were been completed. | Projects should be designed to provide maximum public service on the provisions granted and action should be taken to implement the approved project as stated in the project proposal. | It has been informed that as the government has identified assistance to the livelihood development and acceleration of economic development of the people, projects such as construction of rural roads and bridges have been implemented thereunder. |
| (f) | Even though the Action Plan had identified the implementation of 08 programs by the District Women's Development Unit, progress of only 5 programmes had been included in the Performance Report. | Progress of all projects included in the Action Plan should be included in the Performance Report. | It has been informed that funds have not been received for all the projects and the projects have been carried out by obtaining necessary funds through the intervention of NGOs with the effort made by the officer. |

3.9 Procurement

The following observations are made.

Audit Observation	Recommendation	Comments of the Accounting Officer
(a) According to Guideline 2.14.1 of the Government Procurement Guidelines, a regional procurement committee was required to obtain a minimum of 05 sealed bids when calling for bids on goods. On the contrary, there were instances where the Nuwara Eliya Divisional Secretariat had called for bids less than 05 bids and implemented the procurement process.	Action should be taken in accordance with the provisions of the Government Procurement Guidelines.	It has been informed that action was taken to obtain a fax machine by inviting bids from the local agencies in order to carry out the essential duties of the office.

- (b) Although bids had been invited from 06 institutions by registered post on 21 August 2019 for the purchase of sports equipment required for the District Public Officers' Sports Club, bids had been received from 03 institutions as at 21 August 2019. Although these three institutions were located in various places in the Colombo area, the bids had been sent to the sub-post office situated at the Nuwara Eliya court complex at the same time. Prior to the call for bids, the relevant institutions had been selected and thereafter, having prepared documents accordingly, this procurement worth Rs. 498,000 had been carried out.
- The procurement process should be done with maximum transparency. Overpayments should be recovered from the responsible officers.
- The Additional District Secretary (Lands) has been assigned to conduct the preliminary investigation on the matter and further action will be taken upon receipt of the relevant report.
- (c) Although the decisions of the Procurement Committee should be signed by the officers participated in the Committee meeting as per the Guidelines 2.11.3 (a) of the Government Procurement Guidelines, the officers of the Ambagamuwa Divisional Secretariat had not signed 04 procurement decisions on 04 occasions.
- The procurement process should be implemented with maximum transparency.
- It has been informed that placing signature on some procurement decisions have been missed due to several procurement decisions being made in the same day. Those procurement decisions have been signed and completed by now.

3.10 Assets Managements

The following observations are made.

Audit Observations	Recommendation	Comments of the Accounting Officer
-----	-----	-----
(a) According to the Board of Survey Report, 2018 of the Nuwara Eliya Divisional Secretariat, 15 items pertaining to 09 types of goods had been auctioned on 31 May 2019,	Action should be taken to eliminate the auctioned items from the inventory.	It has been informed that according to the Board of Survey Report, 2018, although 15 items related to 09 types of goods had been auctioned on

whereas no action had been taken to eliminate the relevant items from the inventory even by 10 February 2020, the date of audit.

31.05.2019, it is acknowledged that it was delayed to eliminate them from the inventory, and action has been taken to eliminate 07 items from the inventory book by now.

- (b) Although Rs.578,492 had been spent on the renovation of the Public Servants' Sports Club in the Nuwara Eliya District in 2016 and Rs.115,698 in 2018, the roof thereof had to be repaired even by 03 January 2020.
- The relevant work should be done by renovating the building.
- It has been informed that since this building is a very old building and needs to be repaired while preserving its ancient value, action will be taken to renovate the entire building on the allocations received by the year 2020.
- (c) There were invaluable sports equipment in the Public Servants' Sports Club. No service agreement had been entered into regarding the maintenance of the existing sports equipment at this location where there was no custodian.
- Action should be taken to appoint a person responsible for sports clubs and equipment and to protect them.
- It has been informed that many sports equipment are in very old condition and that action will be taken to conduct inspection thereon and repair the same as per the instructions of the sports officials.
- (d) According to the Board of Survey Report, 2018 of the Public Servants' Sports Club, there were 32 shortages in 07 existing equipment items and 13 excesses in one item.
- The stores should be properly maintained.
- It has been informed that action will be taken for the shortages and excesses according to the survey conducted in the year 2020.
- (e) Although the three rooms adjoining the Public Servants' Sports Club had been granted for providing accommodation for the Civil Defence Division of the District Secretariat on 03 July 2018, these three rooms remained underutilized from December 2018 to 30 April 2020.
- Action should be taken to use the building for productive purposes.
- It has been informed that this is an existing place for the custodian of the sports club and action will be taken to transfer it after the appointment of custodian for this place.

- (f) According to the Board of Survey Report, 2018 of the Districts Secretariat, Nuwara Eliya, there were 357 shortages in 21 items and 640 excesses in 52 items in the office premises.
- Action should be taken in accordance with the provisions of Financial Regulations regarding shortages and excesses.
- It has been informed that a large number of items which were said to be in shortage could be found by inspecting the stores of the District Secretariat and inquiring from the officers who had previously served, and in addition some of the items could be found in the wreckage of the stores and it has also been confirmed that the items which were found to be in excess were the items belong to another department in the District Secretariat. Likely, it has been informed that the CIGAS number for the goods were received and the items are being properly maintained.
- (g) According to Section 2:1 of Chapter XIX of the Establishments Code, the responsibility of maintaining government quarters belonging to the District Secretariat is entrusted to the District Secretary, whereas two of the 66 Government quarters belonging to the office were in a dilapidated condition and those could not be provided for the use of the officers.
- Action should be taken for immediate repairs.
- It has been informed that their repair work is currently being carried out under the supervision of a District Engineer by the allocations made for the year 2020.

3.11 Depositing Securities by Public Officers

The following observations are made.

Audit Observation	Recommendation	Comments of the Accounting Officer
----- Two officers of the Ambagamuwa Divisional Secretariat had not deposited securities of Rs.30,000 as per the Circular No. 7/2019 dated 23 March 2019 of the Secretary to the Ministry of Home Affairs, Provincial Councils and Local Government.	----- Action should be taken to deposit securities as per the circular	----- It has been informed that the officers have been instructed to expedite the depositing securities.

3.12 Management Weaknesses

The following observations are made..

Audit Observation	Recommendation	Comments of the Accounting Officer
----- (a) For obtaining seed potatoes, provisions of 50 per cent Rs. 2,375,000 were received as government contribution on 20 September,2018. According to the project proposal, the objectives of the project were to reduce the cost of seed potatoes by 50 per cent for the potato growers in the Nuwara Eliya District for the 2018 Yala season, to reduce the import of potatoes by increasing the local production and thereby to save foreign exchange, to improve the living standards of the farming community and to provide C 1 varieties of seeds to the Welimada potato farmers. The project report had incorrectly stated the expected yield ratio. The Department of Agriculture had made an	----- Officers should perform their duties properly.	----- It has been informed that the Additional District Secretary has been assigned to conduct a preliminary inquiry into this matter and further action will be taken upon receipt of the report.

overpayment of Rs. 73,750 by giving C 1 and C II varieties to farmers instead of G 3 grade potatoes. The farmers' yield retention for seeds ranged from 0 per cent to 20 per cent. Since the majority of the beneficiaries were members of the same family, 30 per cent of the benefits under the project had been shared among a very small number of farmers. There was no selection basis for the supply of seed potatoes to the farmers and no assurance had been obtained from the Agriculture Officials as to whether they had sufficient land and capacity to grow potatoes.

- | | | | |
|-----|---|--|--|
| (b) | The National Identity Card Numbers of the beneficiaries had not been included in the waiting list of the recipients of Samurdhi Subsidies in the Kotmale Divisional Secretariat. | National Identity Card Number of the beneficiaries of the subsidy should be included to verify their identity. | It has been informed that the identity card numbers have been entered and updated at present. |
| (c) | Although any shortcomings in the survey reports conducted in 2015-2017 had not been reported by the committee for which the Divisional Secretaries had participated, 1515 title certificates issued in 2019 had been amended. | Criteria should be identified to evaluate beneficiaries. | It has been informed that the amendments have been made on the basis of increased income, leaving the residence, death, emigration, receipt of benefits and other factors. |
| (d) | There were 47 instances where Samurdhi subsidy had been paid to the persons whose names had not been included in the waiting list of 08 Grama Niladhari Divisions in the Nuwara Eliya Divisional Secretariat Division. | Officers should perform their duties properly in accordance with the circulars. | It has been informed that a waiting list was sent to the Samurdhi Department and there was a waiting list in the Divisional Secretariat as well, but there were discrepancies between those documents. |

- (e) Out of 496 Grama Niladhari Divisions in the Nuwara Eliya District, none of the persons in 68 Divisions had been given new Samurdhi subsidy. The waiting lists in those areas included 1880 people. Officers should perform their duties properly in accordance with the circulars. It has been informed that all the beneficiaries who applied for subsidy were not given relief and the Head Office had informed that the subsidy would be given to those beneficiaries in the second round.
- (f) There were 1482 instances where payments had been made deviating from the order mentioned in the Samurdhi subsidy waiting list in the district. The above payments had ranged from 1 per cent to 100 per cent. Officers should perform their duties properly in accordance with the circulars. It has been informed that payments have not been made to all those selected and recommendations have been made by a committee consisting of divisional officers. Based on the recommendations, it has been referred to the Samurdhi Development Department and the payment has been made according to the document sent by that department.
- (g) A salon business and a retail outlet had been maintained at the Lamasuriya Illagolla outlet building constructed as an agro products outlet as at 02 March 2020, the date of audit, but there was no recovery of rent from the retail outlet and there was no lease agreement too. The building should be properly utilized to meet the needs of the people of the area. It has been informed that action is being taken according to the report of the committee appointed regarding the Lamasuriya Happawara (Illagolla) Samurdhi outlet building.
- (h) According to the guidelines issued by the Sri Lanka Women's Bureau regarding the implementation of the revolving loan scheme at the Divisional Secretariat level, only 04 women had been given loans in the year 2018 and the office had received 10 applications by the audited date of 16 October 2019. Nevertheless, loans had not been granted. Action should be taken in accordance with the circular provisions and the grant of loans to all those who have applied should be made efficient. It has been informed that the loan applicants who have referred the loan applications by 26 October 2019 will be given revolving loans expeditiously and the revolving loans have been given to 15 persons in the year 2018.

4. Achievement of Sustainable Development Goals

4.1 Identification of Sustainable Development Goals

The following observations are made.

Audit Observation	Recommendation	Comments of the Accounting Officer
(a) In accordance with the instructions of Paragraph 8 of the National Budget Circular No.4/2018 dated 17 July 2018, the District Secretariat had identified the construction of a residence for the staff officers only as a project to achieve its Sustainable Development Goals.	Sustainable Development Goals should be identified and action should be taken to achieve such goals.	Not replied.
(b) The Sustainable Development Goals identified by the District Secretariat and the targets set accordingly and the milestones required to regulate the relevant activities had not been included in the Action Plan of the Institute.	Sustainable Development Goals should be identified and action should be taken to achieve such goals.	Not replied.

4.2 Progress in achieving sustainable development goals

The following observations are made

Audit Observation	Recommendation	Comments of the Accounting Officer
(a) The Sustainable Development Goals had not been set out in the Action Plan for the year 2019 and the progress of the development programmes implemented during the year had been adjusted to the	The milestones required to regulate relevant activities in achieving the Sustainable Development Goals	Not replied.

Sustainable Development Goals should be identified and shown in the Performance Report.

- (b) Without identifying specific projects aimed at eradicating poverty, it had been stated in the performance report that poverty alleviation will be achieved in total 3231 rural infrastructure development projects and Gamperaliya projects.
- Action should be taken to establish the Sustainable Development Goals correctly.
- It has been informed that through the development of rural roads, bridges, temples, churches and the strengthening of community based societies, the development of rural infrastructure will make it easier for the people to carry out their income generating activities and thereby remedial measures can be found for the poverty by generating income for their families.
- (c) Although the provision of land for livelihood had been stated as a means of achieving the Sustainable Development Goals, specific targets had not been set.
- Goals should be properly set. Those goals should be measurable.
- In this case, the division of lands through the issuance of licenses by the Divisional Secretariats is meant and it has been informed that the evaluation of performance can be done according to the manner in which the targets identified by the Divisional Secretariats have been achieved.
- (d) For the purpose of eradicating hunger, 600 women were targeted to direct for small and medium scale enterprises and only 52 women awareness programs had been implemented.
- Action should be taken to achieve the targets set during the year and to set achievable targets.
- It has been informed that this program has been carried out at the Divisional Secretariats level. Although women have been called for the relevant work programme, the program has been implemented for 487 women based on the number of participants.
- (e) Although it had been targeted to train teachers to care for and train children with special needs, the number of teachers so trained had not been specified in the targets.
- Goals should be properly set. Those goals should be measurable.
- This was targeted to be carried out on the allocations of the Non-Governmental Organizations and it could not be implemented due to lack of funding from the relevant

institutions for future programmes. It has been informed that the relevant programme is targeted to be carried out this year as well with the assistance of Non-Governmental Organizations.

- (f) In achieving the Economic Development Goals, it had been aimed at initiating 60 new projects, developing 100 existing businesses, providing technical training to 40 people and creating market links for 40 people. Although training programs had been conducted, no information was provided with regard to the businesses thus developed. Goals must be set properly. They must be measurable. Not replied
- (g) With the objective of achieving the sustainable development goal to eradicate absolute poverty in Sri Lanka by the year 2030, Gramathashakthi People's Movement had established 15 societies in the year 2018 under the first phase and 45 societies under the second phase in the year 2019 in the 05 Divisional Secretariat Divisions in the Nuwara Eliya District. The following shortcomings were revealed in this regard. Action should be taken to achieve the targets set during the year and to set achievable targets. It has been informed that action has been taken to register 16 societies under the first phase and 45 societies under the second phase.
- (i) The number of societies in the Divisions of 05 Divisional Secretariats in the Districts of Nuwara Eliya with the membership ranging from 0.75 per cent to 43 per cent of the total population was .49. The interest of the rural population regarding the Action should be taken to achieve the targets set during the year and to set achievable targets.

program remained at a minimal level.

- (ii) Total provisions of Rs. 3,500,000 granted to 07 societies at Rs.500,000 each in the year 2018 had not been utilized up to 16 January 2020, the date of the audit. Action should be taken to achieve the targets set during the year and to set achievable targets.
- (iii) An amount of Rs.300,000 had been allocated to one society for the Capacity Development Fund (Capacity Development) and any amount from the total provisions of Rs.600,000 made to two Grama Shakthi Societies had not been utilized. The utilization of provision by 07 societies had ranged from 1 per cent to 22 per cent of the total provisions made. Action should be taken to achieve the targets set during the year and to set achievable targets.
- (iv) It had been stated according to the second chapter of the handbook "The Path of the Gramashakthi People's Movement" that 07 permanent committees should be established to assist the Executive Council of the Society. Under the first phase, out of the 15 societies, the youth circle of 14 societies and the skills development and communication committee of 10 societies had not been established. Out of the 41 societies Action should be taken to achieve the targets set during the year and to set achievable targets.

registered under the second phase, the skills development and communication committee of 08 societies and the youth circle of 05 societies had not been established.

- (v) Of the 14 societies in the first phase of the Grabamashakthi People's Movement, 05 societies had not formed clusters and out of the 41 societies in the second phase, 22 societies had not set up small groups and 30 societies had not formed clusters.
- Action should be taken to achieve the targets set during the year and to set achievable targets.

5. Good Governance

 Rendering services to the Public.

The following observations are made.

Audit Observations	Recommendation	Comments of the Accounting Officer
-----	-----	-----
(a) As stated in the Section (1) 25 of the Right to Information Act No. 12 of 2016, requests for information should be completed within 14 working days. Nevertheless, 05 instances were observed that the Nuwara Eliya Divisional Secretariat had not complied with those regulations.	Activities should be completed without delay.	It has been informed that the observations are accepted and the requests made under Section 25(1) of the Right to Information Act have been directed to the relevant Heads of Departments to reply to them and action will be taken to give replies forthwith.
(b) According to paragraph 04 of the Accounts Circular of the Ministry of Home Affairs No.02/2018(1) 3 dated 21 March 2018, a system should be established to formulate a systematic mechanism for resolving complaints received from	A document should be prepared.	It has been informed that after the audit query, it has been instructed to prepare a list of public petitions and complaints in the order of their receipt and action has been taken regarding the complaints at present.

the public and to record and measure that information, but a register of complaints and petitions had not been updated to report information on complaints and petitions received by the Ambagamuwa Divisional Secretariat. Only the progress report on the finalized complaints had been updated. Further, the complaints received by the Hanguranketha Divisional Secretariat after July 2019 had not been recorded in the register and no action had been taken regarding the 07 complaints made by various parties.

6. Human Resource Management

The following observations are made.

Audit Observations

In terms of the Public Administration Circular No.02/2018 dated 24 January 2018, a Human Resource Development Plan had not been prepared so as to provide at least 12hours of training per year to all the officers of the staff. Although 14training programs had been conducted during the year, 07 of them had been the programs conducted targeting development officers.

Recommendation

The human resource plan should be prepared in accordance with the terms of circular.

Comments of the Accounting Officer

It has been informed that the Human Resource Plan prepared so far has been prepared in a different format and that the Human Resource Plan will be prepared in accordance with the format given in the Public Administration Circular from this year. It has also been informed that the training file of the officers does not include the information about the training programs conducted by the officers of this office as resource persons.