

Head-276- District Secretariat, Badulla

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the District Secretariat, Badulla 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, Badulla was issued to the Accounting Officers on 29 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 21 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 accordance with the provisions in the State Finance Circular No.271/2019 dated 03 December 2019 give a true and fair view of the financial position of the District Secretariat, Badulla 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 opinion.

1.3 Responsibility of the Chief Accounting Officer and the Accounting Officer for the Financial 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) 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) The financial statements presented by the Badulla District Secretariat for the year under review were consistent with the preceding year.
- (b) The recommendations made by me with regard to the financial statements of the preceding year had been implemented.

1.6 Comments on Financial Statements

1.6.1 Statement of Financial Performance

The following deficiencies were observed.

(a) Expenditure

Audit Observations	Recommendation	Comments of the Accounting Officer
(i) According to the expenditure summary as per the programs of the financial statement submitted for the year under review (ACA-2 Program No. 01), the transfer of funds as per Financial Regulation 66/69 amounted to Rs. 8,195, 000, whereas according to the Expenditure Report submitted by the District Secretariat as at 31st December 2019, that value had been stated as Rs.5,495,000. Accordingly, there observed a difference of Rs.2,700,000 among the balances.	Financial statements should be prepared based on accurate information.	It has been informed that the provision of Rs. 2,700,000 received on 27 August 2019 has not been included in the expenditure report and the correct amount is Rs. 8,195,000.

- (ii) Supplementary Estimate Information should be presented It has been informed
 Provision of Rs.12,700,000 in financial statements with that the above amount is
 made to the District Secretariat accurate classification. not a supplementary
 under No. SO 392 and No.SO estimate provision but a
 727 as per Treasury Printouts provision obtained
 No. SA12, had been stated as under Financial
 the provisions received from the Regulation 69.
 transfers made in accordance
 with Financial Regulations 66
 and 69 in Form ACA-2 (1)
 submitted with the Financial
 Statements for the year under
 review.

1.6.2 Statement of Financial Position

 The following observations are made.

Audit Observations	Recommendation	Comments of the Accounting Officer
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(a) Rent and Work Advance Account		

(i) According to the Treasury Computer printouts, when comparing the balance of the rent and work advance account as at 31st December of the year under review with the rent and work advance account of the Statement of Financial Position as at that date, a sum of Rs.20,485,690 had been understated.	The values included in the Treasury Computer Printouts must tally with the values included in the Financial Statements.	It has been informed that since it is an error in accounting from the year 2018, it will be rectified and submitted to the audit.
(ii) Rent and Work Advances Reserve Account balance of Rs.25,243,366 as on 31 December of the year under review as per the Treasury printouts had not been disclosed under the net assets/equity in the Statement of Financial Position as at that date.	Accurate numerical values according to Treasury computer printouts should be disclosed in financial statements.	It has been informed that since it is an error in accounting from the year 2018, it will be rectified and submitted to the audit.

(b) Net Assets

According to Paragraph 7 (v) of State Accounts Circular No. 271/2019 dated 03 December 2019, the net asset value stated in the Statement of Financial position presented as at 31 December 2019 should have been Rs. (170,223,414), whereas it had been stated as Rs. (163,011,731).

Accurate numerical values should be disclosed in financial statements

It has been informed that the value of Rs. (163,011,731) included under net assets in the financial statements should be Rs. (173,130,663).

(c) Imprest Account

According to the financial statements presented as at 31 December of the year under review, the unsettled imprest balance was Rs.2,907,249 and action had not been taken to settle that amount paid by the District Secretariat for the election activities from the Elections Office even by 30 April 2020. Further, the balance was also not disclosed under the current assets in the statement of financial position as at that date.

The unsettled imprest balance should be settled to the Treasury without delay. As it is a balance to be settled from the Election Office, it should be disclosed in the statement of financial position under the cash and cash equivalents.

The Commissioner of Elections has informed that a direct accounting has been done and relevant imprest will be settled in the month of May.

It has been informed that the balance is not disclosed under the current assets in the statement of financial position as it is an imprest balance and not a cash balance.

(c) Non-financial Assets

(i) Although the total purchase value of non-financial assets during the year under review relating to the Head 276 was Rs.87,527,034 as per Treasury Printouts No. SA 82, it was shown as Rs.88,258,126 in the financial statements. Accordingly, a difference of Rs.731,092 between the balances was observed.

Expenditure relating to the acquisition of non-financial assets should be accurately identified and accounted for.

It has been informed that this difference has taken place due to a technical error occurred in entering in the computer programme.

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| (ii) | Opening balances, purchase and sale / disposal pertaining to 06 items stated under other machinery and equipment in the Statement of Non-Financial Assets submitted as at 31 December 2019 were observed to be inconsistent with the balances shown in Treasury Printouts No. SA82. | The balances contained in the Treasury Computer Printouts must be in agreement with the balances contained in the Financial Statements. | It has been informed that this difference has taken place due to non-inclusion of the opening balance, purchases and disposals related to a Divisional Secretariat in the Treasury computer printouts. |
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1.6.3 Cash Flow Statement

Audit Observations	Recommendation	Comments of the Accounting Officer
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The balances of Rs. 64,742,577 and Rs. 46,857,884 relating to the payment and recovery of advances of public officers as stated in the Detailed Consolidated Trial Balance for the year under review had not been disclosed in the cash flow statement. under the cash flows generated from the investment activities.	The amounts pertaining to the payment and recovery of advances included in the Detailed Consolidated Trial Balance should be disclosed in the cash flow statement.	It has been informed that the rent and work advance receipts and payments have been disclosed under the investment activities in the cash flow statement.

1.6.4 Reconciliation Statement on the Advances to Public Officers Account

Audit Observations	Recommendation	Comments of the Accounting Officer
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Receivable advances of Rs. 918,552 paid to Public Officers who had served in the District Secretariat and subsequently transferred to Government Ministries, Departments and Provincial Council Institutions, and dead, retired, interdicted and vacated the service had not been	Action should be taken in accordance with Section 4 of Chapter xxiv of the Establishments Code and the National Budget Circular No. 118 dated 11 October 2004.	It has been informed that arrangements are being made to recover the loan.

recovered as at 31 December of the year under review, despite it remained unrecovered for more than 03 years.

1..6.5 Non-compliance with Laws, Rules and Regulations

Instances of non-compliance with Laws, Rules and Regulations observed at the audit test checks are analysed below.

Reference to Laws, Rules and Regulations	<u>Observation</u>	Non-compliance	<u>Recommendation</u>	Comments of the Accounting Officer
	Value Rs.			
(a) Establishment Code of the Democratic Socialist Republic of Sri Lanka	Section 5.6 of Chapter XIX	Formal approval had not been obtained for charging economic rent from the officials for two government quarters belonging to the Badulla Divisional Secretariat.	Action should be taken in terms of Section 5.6 of Chapter XIX of the Establishments Code	It has been informed that the assessment report has been sent to the Secretary for approval to charge the economic rent and action will be taken to obtain the approval of the Secretary to the Ministry before charging the economic rent in future.
(b) Pension Circular No. 08/2010 dated 07 September 2010.	3,880,321	Two Divisional Secretariats had overpaid the cost of living allowance in 37 instances without being complied with the circular provisions.	Action should be taken in accordance with the Pension Circular No. 08/2010 dated 07 September 2010.	It has been informed that overpayments are being recovered in installments subject to the approval of the Department of Pensions.

(c) Secretary to the Ministry of Social Welfare and Primary Industries Circular No. NSE / EL / 01/2018 dated 15 October 2018	47,500	Due to the fact that the information regarding the death of the beneficiaries was not properly documented and there were delays in informing the Divisional Secretariats of their deaths, even after the death of the beneficiaries, excess allowances had been paid to their representatives in five Divisional Secretariats in 25 instances.	Action should be taken in accordance with paragraphs 2.5 and 2.6 of the Circular.	It has been informed that action will be taken to recover the overpaid amount and the Grama Niladharis will be emphasized to prevent such incidents in future.
	146,300	Due to failure in properly documenting information such as death of beneficiaries, removal from allowance scheme on other reasons and failure in the proper maintenance of the database, the allowances which could have been given to the beneficiaries in the waiting list relating to 03 Divisional Secretariats had been credited back to the same Object.	Action should be taken in accordance with paragraphs 2.5 and 2.6 of the Circular.	It has been informed that the Grama Niladhar is have been informed to provide the details of the deaths to the Divisional Secretariat expeditiously and special attention will be paid on this matter in the future.
	136,800	When paying the allowances entitled to the beneficiaries to their representatives, a Divisional Secretariat had made such payments without the recommendation of	Action should be taken in accordance with paragraph 2.1.3 of the Circular.	It has been informed that the Post Offices have been informed to make payments only to the nominated representatives.

the Grama Niladhari and without the approval of the Divisional Secretary.

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| (d) | Paragraph 2.6 of Section iv of the Guidelines for the Implementation of the Revolving Credit Program at the Divisional Secretariat Division level by the Sri Lanka Women's Bureau. | 1,012,410 | During the period from 2012 to 2019, loans due from 147 beneficiaries belonging to 08 Divisional Secretariats had not been recovered on the due date. | The loan should be recovered on the due date | The Divisional Secretariats have informed that they are taking necessary steps to recover the loan. |
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2. Financial Review

2.1 Utilization of Provisions Made by Other Ministries and Departments

The following matters were observed regarding the utilization of provisions made by other Ministries and Departments.

Audit Observations	Recommendations	Comments of the Accounting Officer
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Ministry of National Policies, Economic Affairs, Resettlement and Rehabilitation, Northern Province Development and Youth Affairs

 Gamperaliya Accelerated Rural Development Program - 2019

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| (a) | Due to payment of 20 per cent profit added to the cost of purchase and transportation of water tank and water motor required for the project, the Kandaketiya Divisional Secretariat had overpaid Rs. 32,300. | Only the due amount should be paid when receiving goods and services. | It has been informed that action will be taken to recover the overpaid amount from the withholding money. |
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| (b) | A late fee of Rs. 23,136 to be charged from the contractor relating to a project implemented by the Kandaketiya Divisional Secretariat had not been recovered. | Late fees should be recovered. | It has been informed that action will be taken to recover all late fees from the retained amount. |
| (c) | Due to making payments at a different rate instead of the applicable rate relating to the earth filling with compacting work, an additional Rs. 73,500 had been paid for a project carried out by the Kandaketiya Divisional Secretariat. | Payments should be made at the prescribed rate. | It has been informed that action will be taken to recover the overpaid amount of Rs. 73,500. |
| (d) | Due to the use of a different rate (E 1-005) without considering the possibility of using a same rate (E 1-027), for the excavation work of the road and the excavation work of the section where the concrete is applied, a sum of Rs. 53,135 had been overpaid for two projects carried out by the Haliela Divisional Secretariat. | Payments should be made at the prescribed rate | It has been informed that the roads with soil will be concreted after some time of compacting and this rate has been used to level the washed road surface before concreting and to build a well-compacted foundation and lay concrete on it. |

2.2 Deposit Balances

 Audit Observations revealed on the deposit balances are given below

Audit Observations	Recommendations	Comments of the Accounting Officer
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(a) Action in accordance with Financial Regulation 571 had not been taken on 03 deposits exceeding two years totalling Rs. 274,940 relevant to a Divisional Secretariat.	Action should be taken in accordance with Financial Regulation 571.	It has been informed that deposits have been withheld due to non-completion of an audit query.

- (b) Provisions of 32 deposits totalling Rs. 1,907,806 given to 02 Divisional Secretariats by other Ministries, Departments, Authorities and Offices for implementation of various functions and projects had been retained in the deposit account without fulfilling the relevant function.
- Action should be taken to perform the relevant functions immediately after the provision is received.
- It has been informed that the money has been retained in the deposit account due to non-completion of the relevant activities for which the money has been allocated.

3. Operating Review

3.1 Abandonment of project without completing

Audit Observations

The execution of 02 projects worth Rs. 3,971,540 and Rs. 3,647,972 for which the Bandarawela Divisional Secretariat had entered into the agreements had been abandoned by the relevant contractor, whereas action had not been taken to recover the dues to the Government from the performance security worth Rs. 198,577 and Rs. 182,399 relevant to those projects.

Recommendations

Action should be taken to complete the projects within the expected period and provide the expected benefits to the beneficiaries and also to recover the amount due to the Government.

Comments of the Accounting Officer

It has been informed that action will be taken to obtain information from the Planning Division in this regard and submit it to the audit.

(Although it was informed that a fee was charged at the time of replying, it was observed that it was not the amount relevant to the observation)

3.2 Delays in the Implementation of Projects

The following observations are made.

Audit Observations	Recommendations	Comments of the Accounting Officer
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(a) The Mahiyanganaya Divisional Secretariat had entered into an agreement with a contractor for a project worth Rs. 2,213,981 to be completed on 25 December 2019, but the project had not been completed even by 19 February 2020.	Action should be taken to complete the projects within the expected period and provide the expected benefits to the beneficiaries.	It has been informed that despite a request made from the Ministry of Sports to approve these projects to continue for the year 2020 and to make the necessary provisions for future activities, the project could not be completed due to the inability to obtain the provisions.
(b) An agreement relating to a project worth Rs.8,558,311 had been entered into with the contractor to complete the same on 07 November 2019, whereas it had not been completed even by 19 February 2020. The Mahiyanganaya Divisional Secretariat had not taken action to charge the late fees of Rs. 445,032. applicable only up to that date.	Action should be taken to complete the projects and provide the expected benefits to the beneficiaries and recover the amount due.	It has been informed that the project period had to be extended due to inclement weather and non-receipt of adequate imprests and further informed that the work on the project will be completed after the extending the project period properly.
(c) The Passara Divisional Secretariat had reached an agreement on 29th October 2019 with a contractor relating to a project worth Rs.3,605,926 to be completed within 48 days, whereas action had not been taken to complete the project even by 20 February 2020.	Action should be taken to complete the projects within the expected period and provide the expected benefits to the beneficiaries.	Despite a request made from the Ministry of Sports to approve these projects continuously for the year 2020 and to make the necessary provisions for future activities, it has been informed that the

project could not be completed due to the inability to obtain provisions.

3.3 Projects Without Progress Despite Release of Funds

Audit Observations	Recommendations	Comments of the Accounting Officer
A project carried out by the Haliela Divisional Secretariat at a cost of Rs. 73,462 had been abandoned without being used due to non-fulfilment of the requirements of the beneficiaries.	Requirements and objectives of the beneficiaries need to be properly identified and projects designed and implemented to meet those objectives.	It has been informed that the estimate required for the construction of the last section of the road was prepared as a first step and this road is expected to be further developed in the future under the provisions received for road development.

3.4 Assets Management

The following observations are made.

Audit Observations	Recommendations	Comments of the Accounting Officer
(a) Settlement of issues on the registered ownership of the Government owned vehicles	Steps should be taken to resolve the existing issues regarding registration of ownership as per the circular	It has been informed that the preliminary activities relating to taking over the ownership of the

resolve the issue of vehicle ownership before 30 June 2018 in order to fulfill the requirement that all government owned vehicles be registered in the name of the respective institutions. Nevertheless, such action had not been taken on a motorbike belonging to the Soranathota Divisional Secretariat.

motorcycle to the Divisional Secretary is in progress.

(b) Failure to carry out maintenance and repairs of assets

Although the inspector of motor vehicles had instructed to repair a cab belonging to the Divisional Secretariat, the repairs had not been carried out even by the end of the year under review.

Repairs of the assets should be done expeditiously.

It has been informed that the delay was due to lack of sufficient provisions for repairs and that the relevant repairs will be carried out after the provisions are received.

(c) Idle Assets

Despite the applications submitted by the officials of the institution for housing facilities, a government quarters belonging to a Divisional Secretariat remained idle for nearly two years without considering those requests.

Action should be taken to use government assets with maximum efficiency.

It has been informed that the official residence remains idle due to the disagreement of the officials with the conditions put forward by the Divisional Secretariat.

3.5 Losses and Damages

The following observations are made.

Audit Observations	Recommendations	Comments of the Accounting Officer
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(a) Although one year and five months had elapsed since 31 December 2019 when a cab belonging to the Rideemaliyadda Divisional Secretariat had met with an accident, action in terms of Financial Regulation 104 had not been taken for the recovery of the loss of Rs. 6,349,333.	Financial Regulation 104 should be complied with.	It has been informed that a Board of Inquiry will be re-appointed and further action will be taken regarding the damage.
(b) A cab belonging to the District Secretariat had been involved in an accident on 21 August 2018 and caused a loss of Rs. 4,291,270. A sum of Rs.2,988,693 of the above damage had been recovered from the relevant insurance company and no further action had been taken on the remaining loss of Rs. 1,302,576 up to the end of the year under review.	Measures in accordance with the Financial Regulations should be taken without delay with respect to the damages.	It has been informed that a sum of Rs.2,988,693 of the damage was covered from the insurance and as the amount to be received from the insurance could not be identified before 31 December 2018, Rs. 2,144,000 from the provisions of that year was transferred to the General Deposit Account. Out of that amount, Rs. 1,302,579 was spent on repairs and the remaining Rs. 841,423 was credited to government revenue.
(c) Eight years after a cab belonging to the Uva Paranagama Divisional Secretariat met with an accident, the Assessor of the Badulla District had estimated the damage	Preliminary investigations should be conducted and relevant steps should be taken in accordance with the Financial Regulations	It has been informed that a Board of Inquiry has been appointed again and action is being taken accordingly.

at Rs. 500,000 on 15 May 2019, whereas the loss had not been recovered from the responsible parties.

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| (d) | The loss of Rs. 29,700 incurred due to the lost of the key to the safe of the Rideemaliyadda Divisional Secretariat had not been recovered from the responsible parties. | The file should be finalized by recovering the damages from the responsible parties. | It has been informed that a Board of Inquiry has been appointed again and action is being taken accordingly |
| (e) | The loss incurred in respect of 07 losses and damages incurred during the period from 2008 to the year 2018 with respect to the District Secretariat and 04 Divisional Secretariats was Rs. 1,567,548 and action had not been taken in accordance with Financial Regulation 104 in this regard. | Action should be taken in accordance with Financial Regulation 104. | It has been informed that investigations are being carried out into these accidents and action will be taken to recover the loss through legal action and further informed that recovery has been made from the insurance and the relevant activities will be carried out by re-appointing the Boards of Inquiry, and that action will be taken under Financial Regulation 109. |

3.6 Management Weaknesses

 The following observations are made.

Audit Observations	Recommendations	Comments of the Accounting Officer
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(a) Due to not paying attention on the constantly changing rules, circulars, letters of instruction regarding the calculation of pensions of the pensioners and due to calculation errors, an additional	Pensions should be calculated accurately and overpayments should be recovered.	It has been reported that the overpayment is being recovered subject to the approval of the Department of Pensions.

amount of Rs. 12,150,749 had been paid as pensions to 114 pensioners belonging to 06 Divisional Secretariats.

- (b) Although it is the responsibility of the Grama Niladharis to inform the Divisional Secretariat immediately after the death of a pensioner, the Badulla Divisional Secretariat had made an overpayment of Rs. 109,894 to two pensioners due not properly reporting the deaths. Immediately after the death of a pensioner, the Grama Niladharis should be informed of the death in order to inform the Divisional Secretariat and necessary action should be taken against the officers who neglect the relevant duties. It has been informed that the overpaid amount will be remitted to the Department of Pensions after receiving the overpayment.
- (c) A sum of Rs. 88,000 had been overpaid to a pensioner belonging to the Kandaketiya Divisional Secretariat as other allowance and the pension payment had been stopped due to the remarriage of the pensioner. No action had been taken to recover the amount of Rs. 24,000 due from December 2018 to May 2019 due to above reason. Pensions should be paid in a manner not to make overpayments. It has been informed that recoveries have been delayed due to a delay in completing and handing over the documents.
- (d) A sum of Rs. 73,282 remained payable to the National Water Supply and Drainage Board as arrears of water charges and re-supply charges relating to 03 government quarters belonging to the Mahiyanganaya Divisional Secretariat. Action should be taken to duly collect the arrears of water charges from the responsible parties and to settle the relevant bills in a timely manner. It has been informed that action will be taken to recover the arrears from the relevant officials, to disconnect the water supply of the official residence which is unfit for occupation and to inquire from the Water Supply Board regarding the arrears of water bills.

(e) Samurdhi Loan Scheme

The loan of Rs.42,580,338 granted by the Divineguma Department to 1460 recipients of Samurdhi beneficiaries relating to 07 Divisional Secretariats under various loan schemes had not been recovered on the prescribed date.

Action should be taken to recover the loan on time.

It has been informed that the relevant activities are in progress to recover the loan.

The Department of Divineguma had released loans amounting to Rs. 16,728,030 to 554 beneficiaries under various loan schemes in relation to 06 Divisional Secretariats and due failure in making recoveries on time, it had become a bad debt.

Arrangements should be made to recover the loan on time.

It has been informed that the relevant activities are in progress to recover the loan.