

Head 276 - Badulla District Secretariat

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Badulla District Secretariat for the year ended 31 December 2021 comprising the statement of financial position as at 31 December 2021 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 Badulla District Secretariat was issued to the Accounting Officer on 31 May 2022 in terms of Section 11 (1) of the National Audit Act No. 19 of 2018. The Annual Detailed Management Audit Report pertaining to the District Secretariat was issued to the Accounting Officer on 27 April 2022 in terms of Section 11 (2) of the Audit Act. This report is presented to Parliament in terms of Section 10 of the National Audit Act No. 19 of 2018 which is read in conjunction with Article 154 (6) of the Constitution of the Democratic Socialist Republic of Sri Lanka.

In my opinion, except for the effects of the matters described in Paragraph 1.6 of this report the financial statements prepared give a true and fair view of the financial position of the Badulla District Secretariat as at 31 December 2021 and its financial performance and cash flow for the year then ended in accordance with Generally Accepted Accounting Principles.

1.2 Basis for Qualified Opinion

My opinion is qualified based on the matters appear in Paragraph 1.6 of this report.

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 evidences I have obtained is sufficient and appropriate to provide a basis for my opinion.

1.3 Responsibilities of the Chief Accounting Officer and Accounting Officer on Financial Statements

Preparation of financial statements in a manner that reflects a true and reasonable position and determines the internal control required to enable financial statements to be prepared without inadequate false statements that may result from fraud and error in accordance with Generally Accepted Accounting Principles and the provisions of Section 38 of the National Audit Act, No. 19 of 2018 is the responsibility of the Accounting Officer.

As per 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.

The Accounting Officer shall ensure that an effective internal control system is maintained for the financial control of the District Secretariat in terms of Sub-section 38 (1) (c) of the National Audit Act and it should be periodically reviewed the effectiveness of the system and make any necessary changes to keep the system running efficiently.

1.4 Auditor's Responsibility on Audit of 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 exercised professional judgment and maintain professional skepticism 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 its internal control.
- Evaluate that the underlying transactions and events are appropriately and fairly included in the financial statements for the structure and content of the financial statements that include disclosures.
- 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.

The Accounting Officer was made aware of important audit findings, key internal control deficiencies and other matters identified in my audit.

1.5 Report on Other Legal Requirements

I declare the following matters in terms of Section 6 (1) (d) of the National Audit Act No. 19 of 2018 .

- (a) The financial statements submitted by the Badulla District Secretariat for the year under review had been prepared in a manner of consistent with the previous year.
- (b) The recommendations made by me regarding the financial statements of the preceding year had been implemented.

1.6 Comments on Financial Statements

1.6.1 Submission of Accounts

Audit Observation	Comments of the Accounting Officer	Recommendation
----- Although the total of property, plant and equipment was Rs.2,655,070,783 as per the Treasury Computer Printout 82 and ACA Format 6, a difference of Rs.2,571,388,715 was observed since it was shown as Rs.83,682,068 in the consolidated detailed trial balance .	----- The changes made by Treasury under several items had caused this difference.	----- Accounts should be prepared accurately comparing the departmental books, with treasury computer printouts.

1.6.2 Accounting Deficiencies

(a) Deposits

Audit Observation	Comments of the Accounting Officer	Recommendation
----- Actions had not been taken in respect of lapsed deposits of Rs.11,306,447 related to 05 deposit accounts in terms of	----- It is informed that the contractual period for releasing the deposits kept as securities has not expired	----- Actions should be taken in respect of lapsed deposits in terms of Financial

Financial Regulation 571 .
 Further, the balances of 04
 deposits amounting to
 Rs.5,451,894 in a period of 2-10
 years and the balance of 01
 deposit amounting to
 Rs.5,854,553 in a period for
 more than 10 years had
 remained in the deposit account.

and some deposits have
 been credited to the
 Government Revenue.

Regulations 571 .

(b) Cash flow Generated from Operating Activities

----- Audit Observation -----	Comments of the Accounting Officer	Recommendation -----
<p>Capital Expenditure of Rs.15,499,239 and Capacity Development Expenditure of Rs.291,925 to be shown as Cash Flow from Operating Activities in the Cash Flow Statement had been shown as a cash flow generated from investment activities .</p>	<p>----- As there is no place to show it separately in the cash flow statement it has been shown under investment activities.</p>	<p>Cash flows should be correctly classified and presented in the cash flow statement.</p>

(c) Non-compliance with Laws, Rules and Regulations

Reference to Laws, Rules and Regulations -----	Audit Observation ----- Non-compliance -----	Comments of the Accounting Officer -----	Recommendation -----
<p>(a) Financial Regulation of the Democratic Socialist Republic of Sri Lanka</p>			
<p>(i) Financial Regulation 137 (5)</p>	<p>Despite the goods mentioned in the vouchers pertaining to 03 Divisional Secretariats had not been received, 12 cheques valued at Rs.2,356,627 written on 31 December 2021 had been withheld even by the 31 January 2022 .</p>	<p>Although the supplies have not been under taken, the figures on material has been accounted for as per government regulations and instructions.</p>	<p>Payments should be made after receiving the goods to the warehouse and the cheques should be delivered to the contributors as soon as possible.</p>
<p>(ii) Financial Regulation 371(2)</p>	<p>Although the sub-impressts given for a specific task should to be settled as soon as completion of that task, there was a delay of 05 days to 57 days in the settlement of impressts given to four officers of Passara Divisional Secretariat and four officers of Badulla District Secretariat on 13 occasions.</p>	<p>The officers have been informed not to delay the settlement of impressts given.</p>	<p>The arrears should be settled as soon as the relevant task is completed.</p>

- (b) The Grama Niladhari officers of the Ella Divisional Secretariat had not prepared and submitted the summary reports related to the years 2020 and 2021 regarding 28 jack trees in the Division.
- (i) Circular No. ABK/N/1/2/22 dated 29 November 2006 of the Secretary, Ministry of Public Administration and Home Affairs. Grama Niladhari officers have been informed to submit monthly reports. Reports should be prepared as per the Circular.
- (ii) Pension Circular No. 19/2006 dated 15 December 2006 Due to failure of the Grama Niladhari to inform the Divisional Secretariat within 07 days after the death of a pensioner, 02 Divisional Secretariats had paid pension for 16 deceased pensioners amounting to Rs. 404,415 . The changes made after the date given by the Pension Department cannot be done and the delays cannot be avoided. Actions should be taken as per the Circular.
- (iii) Public Administration Circular No. 09/2009 dated 16 April 2009 It was observed at the audit test check carried out that the 03 Divisional Secretariats had paid Rs. 2,540,388 as overtime allowances and holiday wages during the year 2021 without using fingerprint machine verification for arrival and departure times. It has been informed that it is sufficient to maintain a record of arrival and departure. Overtime and holiday pay should be calculated and paid as per the circular based on the hours mentioned in the fingerprint machine.

2. Financial Review

2.1 Utilization of Funds Provided by other Ministries and Departments

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) Although the Ministry of Women and Child Affairs and Social Security had provided an allocation of Rs.6,000,000 for the construction of the Bandarawela Day Care Centre, it had not been utilized. The works on the building which had been constructed at a cost of Rs. 4,819,338 based on the	Although the quotations have been invited from suppliers registered with the Institute for Construction Training and Development, it is informed that not a single supplier has presented.	The projects should be completed without delay. Allocated funds should be utilized and benefit the public.

allocation given by Bandarawela Pradeshiya Sabha had not been completed.

- (b) Although Rs.35,462,350 had been released to 04 Divisional Secretariats for the Saubhagya Village Production Programme under the provisions of the Ministry of Samurdhi, Home Economics, Microfinance, Self-Employment and Business Development, the projects had not been completed as at 31 December of the year under review. The equipment purchased by the Soranathota Divisional Secretariat had not been received by the Divisional Secretariat even by February 2022 .

Bandarawela, Soranathota, Kandaketiya Divisional Secretaries did not submit answers and it has been informed that the procurement process has been delayed since approval was given on 12 October 2021 for the project report of the Haputale Divisional Secretariat.

Arrangements should be made to complete the projects within the relevant time and to reach the desired outcomes.

- (c) The Kitul Development Project implemented in Soranathota Divisional Secretariat on the allocation of Rs. 5,970,000 from the State Ministry of Coconut, Kitul and Palm Cultivation Promotion and Related Industrial Goods Production and Export had been scheduled to be started in October 2021 and bring the product to the market by the end of December. However, even though a sum of Rs.5,181,937 had been spent an equipment had been purchased, none of the equipment had been delivered to the beneficiaries even by 2022 February 10.

The compost machines could not be obtained on the scheduled date and 30 machines have been distributed on 23 May 2022 and actions will be taken to distribute the remained machines in future.

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| <p>(d) Out of the 4149 families to be resettled by the year 2021 under the Programme for the resettlement of persons at risk from natural disasters implemented by the Ministry of Disaster Management, even though a sum of Rs.240,552,513 had been spent on 31 December 2021 from the allocation of Rs.310,693,494 allocated for 315 selected family units, only 55 units of families had been resettled.</p> | <p>Answers have not been given.</p> | <p>Provisions should be utilized and actions should be taken to remove the people at risk from those places and resettled.</p> |
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2.2. Certifications to be made by the Chief Accounting Officer

Even though the Accounting Officer should be made assurances regarding the matters pointed out below in terms of Section 38 of the National Audit Act No 19 of 2018, actions had not been so taken.

Audit Observation	Comments of the Accounting Officer	Recommendation
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| <p>(a) The Accounting Officer shall ensure that an effective internal control system is developed and maintained for the financial control of the District Secretariat and the effectiveness of that system should be reviewed from time to time and accordingly the necessary changes should be made to run the system effectively and although the reviews should have been done in writing and a copy submitted to the Auditor General, the statements that such reviews were conducted had not been submitted to the audit.</p> | <p>Answers have not been given.</p> | <p>Actions should be taken in terms of the Section 38 of the National Audit Act No. 19 of 2018.</p> |
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(b) Although the Accounting Officer shall ensure that all audit queries are answered within the specified time limits as required by the Auditor General, answers for audit queries had not been given as per Paragraph 3.11 of the Report

It is informed that there was a delay in submitting the answers due to the presence of new accountants and acting accountants.

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3. Operating Review

3.1 Failure to Perform Tasks

Audit Observation

The activities such as the construction of the Haliela Divisional Secretariat Building and the Mahianganaya Divisional Secretariat Building, which were expected to be completed by 31 December of the year under review as per the Action Plan of the District Secretariat had not been achieved.

Comments of the Accounting Officer

Construction of the building was delayed due to the financial problems they face due to the procurement of building materials, inability to pay the contractor and the quarantine curfew imposed due to the Covid pandemic.

Recommendation

Actions should be taken to perform the relevant tasks as per the Action Plan.

3.2 Failure to Receive Desired Output Level

Audit Observation	Comments of the Accounting Officer	Recommendation
<p>(a) The side wicket of St. Thomas College was completed by the Welimada Divisional Secretariat at a cost of Rs.594,174 based on the provisions of the Ministry of Sports on 19 December 2017 could not be able to use even by 31 May 2022 .</p>	<p>It is informed that the money credited to the government revenue will be received and being made so that it can be used.</p>	<p>Actions should be taken to</p>
<p>(b) The Kandaketiya Divisional Secretariat had entered into a contract with a Samurdhi Community Based Organization for an amount of Rs. 993,398 on 22 July 2019 to implement the water project from Kirivelketiya to Gikiripudama under the 2019 Gamperaliya Rapid Rural Development Programme . A sum of Rs. 966,336 had been spent on the Project and a sum of Rs. 45,663 had been paid for 03 uncompleted work items mentioned in the estimate during physical inspection on 24 February 2022 .</p>	<p>The box bar that was installed has been taken away by thieves, a request has been made to the purchasing entity to verify the specifications of the water motor and the overpaid amount will be deducted from the retention amount.</p>	<p>The project should be completed and put into use.</p>
<p>The gate valve, which was spent a sum Rs. 2,574 for the 5000 L plastic water tank, had not been installed and the batch number that could identify the water motor had been erased. As the water motor which was bought and installed at a cost of</p>		

Rs.116,400 was not functioning, the drinking water had not been provided to the beneficiary families. A sum of Rs.12,941 was paid more than the amount mentioned in the Bill of Quantity during the final bill payment of the Project.

- (c) The Kandaketiya Divisional Secretariat had built a bridge across Velaya near Track 02 houses by spending Rs.1,224,750 under the 2019 Gamperaliya Rapid Development Programme and the bridge and the concrete road had been physically damaged by the heavy rain due to poor planning and execution.
- Since the blockage of waterways due to lack of sidewalls on the lake bank and south bank, the earth had eroded and the concrete floor had cracked.
- Projects should be properly planned and completed.
- (d) Although a sum of Rs. 21,545,879 had been spent on 31 December 2021 under the programme to empower 02 lakh Samurdhi families implemented under 02 Divisional Secretariat Offices in Badulla District on the allocation of State Ministry of Prosperity, Home Economics, Microfinance, Self-Employment and Business Development amounting to Rs.35,605,877, the desired output level was not achieved.
- It was delay to receive the equipment due to the Covid pandemic
- Arrangements should be made to achieve the benefits of the Project.

3.3 Failure to Receive Desired Outcome

Audit Observation	Comments of the Accounting Officer	Recommendation
Even though the Uva Paranagama Divisional Secretariat had completed the development of the day and night handball playground of the Nakahadiya Sports Club for a contracted amount of Rs.982,560 in the year 2014 under the Palath Neguma Development Programme of 2014, it had remained in idle without use even by 13 January 2022 .	Actions will be taken to open the playground for sports activities and formally hand it over to the Pradeshiya Sabha.	Actions should be taken to receive the benefits of the Project.

3.4 Delays in Execution of Projects

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) Although a provision of Rs.780,000 had been allocated to the Haputale Divisional Secretariat on 12 August 2021, as Rs. 600,000 for the renovation works of 06 Hindu temples and Rs. 180,000 for the infrastructure development of 02 Hindu temples under the provisions of the Ministry of Buddha Sasana, Religious and Cultural Affairs, none of the project had been commenced even by 23 May 2022 .	Since submission of letters of requests from Hindu temples was delayed, estimates could not be prepared.	Arrangements should be made to complete the projects within the year by utilizing the provisions.

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| (b) | <p>A sum of Rs. 3,231,920 had been paid to Uva Kandana Elderly Alliance for the construction works of “Iparani Karmantha Shilpa kala Gammanaya” under the Cultural Tourism Promotion Project implemented in Kandana area on the provision of Rs.4,000,000 from the Ministry of Religious and Cultural Affairs of Buddha Sasana by the Haliela Divisional Secretariat under two stages . Although the works should be completed by 30 November 2021, the construction of the projects such as Kumbal Gedara, Deewara Gedara, Wewa, Wedi Gedara , Pathal Wadiya, and Game Kade had not been completed.</p> | <p>The works on the project have been completed by 23 May 2022 .</p> | <p>Project construction should be completed and benefits should be received .</p> |
| (c) | <p>A contract was signed with Finite Lanka for the construction of the new building of the Mahiyangana Divisional Secretariat for an amount of Rs.140,961,320 on 18 December 2017 and a sum of Rs. 109,020,394 had been spent by 15 March 2022 . Although, the works should be completed within 546 days from the agreed date as per the contract agreement the works had not been completed even by 15 March 2022 , the date of audit. The delayed period of the work was 1547 days and it was almost three times the estimated time.</p> | <p>Quarantine curfew imposed due to the Covid epidemic situation in the country, lack of construction materials, construction material transportation problems have affected.</p> | <p>-do-</p> |
| (d) | <p>The Bandarawela Divisional Secretariat had purchased 4"-6" prop round wood for the development of the playground of Bandarawela Central College</p> | <p>It has been informed that the price cannot be changed even the discussion made with the bidder.</p> | <p>Special attention should be drawn to rates while certifying payments and actions should be taken in</p> |

at an estimated cost of Rs.5,636,026 based on the allocation of Rs.6,000,000 from the Ministry of Rural and School Sports Infrastructure Development. Although the price of a meter was Rs. 100 as per District Pricing Committee Report 2021, a sum of Rs.699,300 had been overpaid for 1665 feet as supplier's price of Rs. 520 per meter. Although the construction works of the project should be completed by 31 December of the year under review, the works had not been completed even by 24 January 2022 . Due to failure to carry out the procurement, purchase and construction activities in a stipulated schedule, only a sum of Rs.5,539,696 had been spent on purchasing 55 per cent of the material estimate. The sand and metal construction materials purchased for the development works were not filling so that measurements could be obtained at the construction site and the purchased quantities, quantities that had issued to worksite and balances had not been documented. Daily material usage and balance reports had not been prepared and certified finished work and work-in-progress had not been assessed and recorded.

terms of Financial Regulations on receipt, issue and storage of government property. Actions should be taken to complete the construction of the project within the stipulated time period.

3.5 Projects Implemented from Local Funds

----- Audit Observation -----	----- Comments of the Accounting Officer -----	----- Recommendation -----
In the project of constructing the walking path near the Bandarawela Municipality playground that had built by the Bandarawela Divisional Secretariat on the allocation of Rs.1,833,070 from the Ministry of Sports, a sum of Rs.198,320 had been paid for 02 items that could not be physically identified as completed. The Project could not be recognized for use as a walking path and there were narrow places where two people could not walk side by side at various points.	It has been mentioned that the retention money was released after completion of construction defects and that the path cannot be widened at certain places depending on the location of the land.	Payments should be made after verifying that the activities mentioned in the estimate have been effectively performed.

3.6 Procurements

----- Audit Observation -----	----- Comments of the Accounting Officer -----	----- Recommendation -----
In the evaluation of bids for the development of the alternative road to Ella Arukku Navaya Bridge, the lowest bid of Rs. 5,921,418 was rejected due to the fact that the relevant bidder did not submit sufficient documents to evaluate the experience of previous contracts, the ability and qualifications of financial resources and the second lowest bid of Rs. 6,357,337 had been rejected. Due to the selection of the second lowest bid without considering the ability of the bidder to obtain a more favorable position in the procurement by discussing with the lowest bidder the experience and qualifications of him, a loss of Rs. 435,923 had occurred. The objectives of the procurement had not been fulfilled in terms of 1.2.1 (a) of the Procurement Guidelines.	The minimum bid was rejected because the bidder who submitted the lowest bid has not submitted all the required files accurately.	Actions should be taken in accordance with Procurement Guidelines .

3.7 Assets Management

Audit Observation	Comments of the Accounting Officer	Recommendation
<p>The Paliperuwa village officer quarters belonging to the Ella Divisional Secretariat, which was confirmed by the National Building Research Organization to be repairable and usable by the National Building Research Organization had remained idle for about 12 years without doing any repair and use.</p>	<p>A new building can be constructed on the same site under formal engineering instructions and actions will be taken in future accordingly.</p>	<p>Sufficient provision should be made for efficient use and security of public property.</p>

3.8 Idle Assets

Audit Observation	Comments of the Accounting Officer	Recommendation
<p>Three motorcycles owned by Badulla District Secretariat, one motorcycle owned by a Divisional Secretariat and 02 cabs owned by 02 Divisional Secretariats had been kept in idle in the office premises from 05 to 16 years without doing any repair or appropriate disposal.</p>	<p>It has been informed that the certain vehicles can be repaired by taking over the ownership before the disposal, investigations are being carried out for certain vehicles and actions are being taken to dispose certain vehicles.</p>	<p>Arrangements should be made to repair or disposal or take other appropriate action.</p>

3.9 Losses and Damages

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) A cab belonging to the Uva Paranagama Divisional Secretariat had met with an accident on 25 August 2010 and the estimated loss of Rs.500,000 had not been recovered even by 21 March 2022 and had remained in the premises of the District Secretariat for more than 12 years without repairing or restoring the vehicle to running condition.	It has been informed that an assessment report was obtained on 15 May 2019 and the driver responsible for the accident has left the service the actions have been taken to seek legal advice to recover such damages.	Actions should be taken to repair or disposal or to take other appropriate action. Arrangements should be made to recover the estimated loss from the responsible parties.
(b) Arrangements had not been made to write off or to take another action in respect of a sum of 64,459 which was not reimbursed in insurance from the loss of Rs. 70,834 occurred with regard to a cab belonging to the Uva Divisional Secretariat that had met with an accident on 04 September 2015 .	Actions are being taken as per the recommendations of the inspection report.	Actions should be taken to recover the loss in terms of Financial Regulations.
(c) The judgement of the case filed against the responsible party to recover the loss of Rs.1,400,000 caused by the accident of a cab belonging to the Ella Divisional Secretariat on 03 November 2010, had been declared on 07 October 2019 . Actions had not been taken to make arrangements even by 24 March 2022 and to recover the loss caused to the government .	The judgement was received on 07 October 2019 and an appeal has been filed in that regard and it has also been informed that further actions will be taken according to the judgement receive after the appeal.	-do-

- (d) A cab belonging to Rideemaliyadda Divisional Secretariat met with an accident on 29 July 2017 and out of the loss of Rs. 6,349,333, a sum of Rs. 2,500,000 had been reimbursed by the insurance. The loss of Rs.3,849,333 which was not reimbursed by the insurance had not recovered even by 24 March 2022. The insurance claim received was kept in the deposit account and the vehicle had remained at the office premises without taking actions to repair or proper disposal.
- Quotations have been called from registered suppliers for vehicle repairs and repair works have been delayed due to non-availability of vehicle spare parts and lack of provisions.
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- (e) A cab belonging to the Badulla District Secretariat met with an accident on 18 August 2017 and had been repaired by 12 February 2019 . The bill value was Rs. 3,057,331 and it had been kept in idle in the repaired garage for about 03 years even by 24 March 2022 without paying the amount of Rs. 126,095 that had not reimbursed by the insurance and releasing the vehicle.
- Requests have been made to make provision for the balance to be paid and it has been impossible to release vehicle due to lack of provisions
- Arrangements should be made to release the vehicle kept in the garage and use it for government duties.

3.10 Uneconomic Transactions

Audit Observation

**Comments of the
Accounting Officer**

Recommendation

A sum of Rs. 15,445 had been paid by Uva Paranagama Divisional Secretariat under the Special Programme of Infrastructure Development of the year 2019 for 02 incomplete items in the concreting works of the road leading from Kiravanagama main bus route to Wahugalathenna which was completed by a voluntary organization for a contracted amount of Rs. 493,279 .

Answers have not been given.

Payments should be recommended and certified after checking that the works mentioned in the estimate have been carried out.

3.11 Failure to Reply to Audit Queries

Audit Observation

**Comments of the
Accounting Officer**

Recommendation

Replies had not been sent even by 19 April 2022 for 13 audit inquiries issued in between 29 November 2021 and 22 March 2022 .

As a result of the matters such as existing vacancies of accountants and submission of audit queries at the time of settlement of accounts, replies have been delayed.

Actions should be taken in accordance with the provisions of the National Audit Act No. 19 of 2018 and the Financial Regulations.

3.12 Management Inefficiencies

----- Audit Observation -----	Comments of the Accounting Officer -----	Recommendation -----
<p>(a) Out of the loan granted under Apeksha Loan Programme for 188 beneficiaries during the year 2012-2020 under the Loan Programme of Ministry of Women, Child Affairs & Social Empowerment, amounting to Rs. 1,513,454 and Rs. 354,939 provided to 92 beneficiaries under Revolving Loan Programme by 10 Divisional Secretariats had not been recovered even by 31 December of the year under review.</p>	<p>It has been informed that the Meegahakivula Divisional Secretariat has recovered a portion and that the Welimada, Haputale and Passara Divisional Secretariats will work to recover in the future and 06 Divisional Secretariats has not submitted answers.</p>	<p>Actions should be taken to recover the loans within the stipulated time period.</p>
<p>(b) Even though the District Secretariat had made an allocation of Rs. 130,000 to the Passara Divisional Secretariat on 28 October 2021 for compensation up to Rs.10,000 to houses damaged due to the disaster occurred in between 27 April to 5 June 2021, the compensation had not been paid for 10 house damages that occurred during that period even by 23 November 2021 .</p>	<p>The answers will be submitted in future.</p>	<p>Actions should be taken to pay compensation in due time.</p>
<p>(c) The debt balance of Rs. 219,692,070 given to 4976 Samurdhi beneficiaries under various loan programmes by 05 Divisional Secretariats had elapsed its recover period and out of the loan amount given to 989 borrowers, a sum of Rs. 42,997,627 had been identified as bad debts. Legal actions had not been taken to recover these arrears.</p>	<p>The Haputale Divisional Secretariat has informed that they are taking actions to recover the loan installments and Soranathota, Kandaketiya, Haliela, Ella Divisional Secretariats has not submitted the answers.</p>	<p>Loan installments should be recovered during the stipulated time.</p>

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| (d) | If the officers are transferred to a Provincial Council, the Provincial Council should take steps to collect the related loan money at once and if it is unable to recover, arrangements should be made to recover it in monthly installments. Debt balances of Rs. 653,965 remaining for more than 05 years to be collected from 10 officers transferred to Provincial Council institutions had not been recovered even by 31 December 2020 . | Even though the Uva Provincial Council has been informed to settle the loan balance, settlements has not been done even in installments. | Arrangements should be made to recover the loan balances . |
| (e) | Actions had not been taken to recover the debt balances of Rs.185,281 remaining for more than 05 years of 03 retired, suspended officers/employees from the duties in the Badulla District Secretariat and the Divisional Secretariats under it, in terms of Sections 1.6 and 4 of Chapter XXIV of the Establishments Code. | It has been directed to be charged from the pension and it has been informed that certain loan balances will be charged in installments | -do- |
| (f) | Due to inaccurate debits and credits made by various institutions, 02 loan balances amounting to Rs.81,550 under loan receivables and 02 loan balances amounting to Rs.14,067 under loan payables had been shown in the advance account as at 31 December 2021 and although a period from one month to 05 years time had elapsed since those wrong notes were identified, corrective actions had not been taken. | Sufficient information was not received and will settle it in future as soon as the information received. | Arrangements should be made to recover the loan balances . |

4. Achieving Sustainable Development Objectives

Audit Observation	Comments of the Accounting Officer	Recommendation
Twenty per cent to 57 per cent of sustainable development objectives such as construction of access roads, rural water supply, irrigation works, community infrastructure development and export agriculture activities had not been fulfilled during the year under review.	Scarcity of building materials, inability to pay contractors due to abnormal delays in government cash flow, the transportation of the contract task force and the disruption of transportation of materials have caused due to curfews imposed from time to time .	Officers should be efficiently led to achieve Sustainable Development Goals at optimum level.

5. Human Resources Management

Audit Observation	Comments of the Accounting Officer	Recommendation
There were 191 vacancies in 26 approved staff positions for the Badulla District Secretariat and 15 Divisional Secretariats as at 31 December 2021 .	Comments have not been given.	An optimum staff should be maintained without existing vacancies and excesses.