

1 Financial Statements

1.1 Qualified Opinion

The audit of the financial statement of the District Secretariat, Gampaha for the year ended 31 December 2018 comprising the statement of financial position as at 31 December 2018 and the statement of financial performance and cash flow statement for the year then ended, was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act, No. 19 of 2018. The summary report including my comments and observations on the financial statements of the District Secretariat, Gampaha was issued to the Accounting Officer on 31 May 2019 in terms of Section 11 (1) of the National Audit Act, No. 19 of 2018, and the Detailed Annual Management Audit Report relating to the District Secretariat in terms of Section 11 (2) of the National Audit Act, No. 19 of 2018 was issued to the Chief Accounting Officer on 31 May 2019. This report will be tabled in Parliament in pursuance of provisions in Article 154 (6) of the Constitution 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 Paragraph 1.6 of this report, the financial statements give a true and fair view of the financial position of the District Secretariat, Gampaha as at 31 December 2018, and of its financial performance and its cash flows for the year then ended in accordance with Generally Accepted Accounting Standards.

1.2 Basis for Qualified Opinion

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAS). 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 Responsibilities of 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, Gampaha is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable annual and periodic financial statements to be prepared.

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

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

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, significant audit findings, any significant deficiencies in internal control and other matters 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 (d) and Section 38 of the National Audit Act, No. 19 of 2018.

Since there was no requirement to prepare financial statements for the preceding year, the financial statements of the year under review cannot be compared with the preceding year. Accordingly, recommendations on the financial statements of the preceding year are not presented in this report.

1.6 Comments on Financial Statements

1.6.1 Advances to Public Officers "B" Account

The following observation is made.

Audit Observation	Recommendation	Comment of the Accounting Officer
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Action had not been taken for the proper recovery of loan balances totalling Rs. 1,868,068 receivable from officers deceased, retired, interdicted, or vacated the service. The total of the loan balances continued to exist over a period of 5 years, amounted to Rs. 1,098,298.	Action should be taken promptly to recover the balances.	Action is taken for the recovery.

1.6.2 Non-compliances With Laws, Rules, and Regulations

The following observation is made.

Audit Observation	Recommendation	Comment of the Accounting Officer
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Action had not been taken in terms of Financial Regulation 571 on 214 deposits valued at Rs. 12,201,152 and continued to exist over 2 years after being deposited under the General Deposits Account, No. 6000-0-0-16-31	Action should be taken in terms of Financial Regulation 571.	Action is being taken to settle.

1.6.3 Assurances to be Made by the Chief Accounting Officer

The following observation is made.

Audit Observation	Recommendation	Comment of the Accounting Officer
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The Chief Accounting Officer and the Accounting Officer should ensure that an effective internal control system exists to carry out internal audits efficiently. However, according to the observations under Paragraph 3.6 (a) of the report, that requirement had not been met.	Action should be taken in terms of provisions set out in Section 38 of the National Audit Act, No. 19 of 2018.	Having prepared an annual internal audit plan, audits are carried out covering the District Secretariat and the Divisional Secretariats. Meetings of the Audit and Management Committee are held quarterly thus discussing the matters pointed out in internal audit reports and Government audit reports.

2. Financial Review

2.1 Management of Expenditure

The following observations are made.

Audit Observation	Recommendation	Comment of the Accounting Officer
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a) Preparation of Underestimates		
<p>-----</p> <p>In terms of Financial Regulation 66, provision amounting to Rs. 13,437,000 had been transferred from other Objects with respect to 06 Objects. The transferred provision represented 12 per cent - 315 per cent of the estimated provision.</p>	<p>Estimates should be prepared as possible as accurate in terms of provisions set out in Financial Regulation 50.</p>	<p>The provision saved in those Objects had to be transferred due to reasons such as, fluctuations in the fuel prices, increase in electricity charges, delays in new constructions, and failure to conduct training activities.</p>
b) Allocation of Over Provision		
<p>-----</p> <p>As overprovision amounting to Rs. 11,097,000 had been made on 04 Objects, 10 per cent - 68 per cent of the estimated provision had been transferred to other Objects in terms of Financial Regulation 66.</p>	<p>Estimates should be prepared as possible as accurate in terms of provisions set out in Financial Regulation 50.</p>	<p>Provision had been saved due to reasons such as, the Additional District Secretary not requesting for travel expenses, the District Engineer obtaining maternity leave, and obtaining discounts on Rates.</p>
c) Saving of Provision		
<p>-----</p> <p>In terms of Financial Regulation 66, additional provision amounting to Rs. 4,100,000 had been obtained for 3 Objects in addition to the preliminary estimate of</p>	<p>In terms of provisions in Financial Regulation 94, liabilities should not be incurred in excess of annual</p>	<p>Liabilities relating to the year 2017 had been settled at the beginning of the year 2018. A certain utilization is made therefor from the</p>

expenditure under the provision made for the year 2018. However, it was observed that liabilities worth Rs. 246,998 had been incurred in excess of saving of provision contrary to Financial Regulation 94 (1).

- d) Estimated provision being saved in full.

As Cabinet approval had been received in the year 2016 for the construction of new District Secretariat building , provision amounting to Rs. 650 million had been made through annual estimates in that connection during the years 2017 and 2018. Approval of the procurement Committee had not been granted for the years 2017 and 2018. As provision amounting to Rs. 650 million had been made for a project not approved by the Procurement Committee, the total budget deficit of the Government had increased by Rs. 650 million.

Estimates should be prepared as possible as accurate in terms of provisions set out in Financial Regulation 50.

Although Cabinet approval had been granted in the year 2016 for the construction of new building, approvals of the Procurement Committee and the Technical Evaluation Committee had not been received. After receiving that approvals in the first quarter of the year 2019, the constructions have been commenced.

2.2 Utilization of Provision Granted by Other Ministries and Departments

The following observation is made.

Audit Observation	Recommendation	Comment of the Accounting Officer
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Of the provision totalling Rs. 5,997,683,528 allocated for the District Secretariat, Gampaha by various Ministries and Departments in the year 2018 for the implementation of miscellaneous projects, the saving	Action should be taken to ensure proper utilization of provision granted by other Ministries and Departments.	Difficulties in the implementation of projects due to political instability that prevailed in the country at the end of the year 2018.

amounted to Rs. 1,717,960,354 as
at 31 December 2018.

3. Operating Review

3.1 Failure to Achieve the Expected Level of Output

The following observation is made.

Audit Observation	Recommendation	Comment of the Accounting Officer
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<p>Projects for the mitigation of disasters.</p> <p>-----</p>	<p>Action should be taken to properly utilize the provision without being remitted. Technological methodologies should be followed in order to specifically identify the nature of the ground.</p>	<p>As the projects (renovation of canals) to mitigate disasters caused by floods are implemented in the vicinity of marshy lands, estimates should be prepared by taking that into consideration. As it is not possible to specifically determine the nature of ground near the marshy lands, there exists no other methodology other than preparing estimates by considering approximate values for the length, width, and height. As such, median values are taken for preparation of estimates in place of irregular values for the length and width. As such, it is pointed out by the field engineers that the amount of funds being utilized on the</p>

projects of this nature, could fluctuate. Due to those reasons, the final payment was less than the estimated value. However, the district engineering and disaster management unit observed that the project had been completed successfully.

3.2 Projects Abandoned Halfway

The following observations are made.

Audit Observation	Recommendation	Comment of the Accounting Officer
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<p>a) Projects had been approved by many of the Divisional Secretariats in Gampaha district by the end of the year. Due to this reason, progress of some of the projects remained less than 50 per cent whereas certain projects had not even been commenced.</p> <p>By the end of the year under review, 931 projects valued at Rs. 1,282,408,701 had not been implemented by 08 Divisional Secretariats.</p>	<p>Necessary action should be taken for the utilization of approved provision.</p>	<p>The Letter, dated 2018/11/08 issued by the Prime Minister's Office had informed that funds should not be released for projects, time had not been sufficient for the implementation of certain projects. Due to those reasons, progress of projects had remained low. Due to the situation prevailed in the country beyond our control, it is informed that the progress of the projects remained poor.</p>
<p>b) Provision valued at Rs. 186,700,000 had been made for the Divisional Secretariat, Ja Ela in order to implement 228 projects under the <i>Gam Peraliya</i> Programme, but only 46</p>	<p>Even though payments had been made after inspecting the works done, it is necessary to query as to the presentation of fake</p>	<p>Irrespective of those bills presented for the entire works, payments had been made by the Divisional Secretariat only for the works done. It is informed that</p>

projects worth Rs. 26,859,995 had been implemented. The Urban Council of Ja el a had been held responsible for the implementation of those projects. Seven instances were observed in which fake documents had been prepared stating that the projects not commenced as at 31 December 2018 and the projects completed halfway, had been fully completed as at 31 December 2018, thus presenting those documents to the Divisional Secretary, Ja Ela for receiving payments. It was revealed that the actual value of works executed with respect to the vouchers presented to the value of Rs. 4,681,600, was Rs. 896,019 indeed.

- c) Nine projects had been continued under special programme for the development of rural infrastructure in the Divisional Secretariat, Wattala stating that the reason therefor was inadequacy of time for the completion of projects. The reason, being the inadequacy of time, is unacceptable in audit. three projects out of the said 09 projects continued, had not been commenced even by May 2019.
- Action should be taken to ensure maximum utilization of provision.
- The works of those 09 projects continued under the special programme for the development of rural infrastructure, had been completed by 07 June 2019, and payments relating to 7 projects had also been made. Once the other vouchers are received from the Pradeshiya Sabha, action will be taken to make the rest of the payments.

3.3 Projects without Progress Despite the Release of Funds

 The following observations are made.

Audit Observation -----	Recommendation -----	Comment of the Accounting Officer -----
<p>a) A sum of Rs. 2,889,650 provided for 03 associations registered for livelihood development with the Divisional Secretariat, Minuwangoda, had been retained in the bank accounts of the associations even by May 2019 without being utilized for the intended purposes.</p>	<p>Action should be taken to ensure productive utilization of provision made.</p>	<p>Following instructions given by the President's Secretariat, those funds had been credited to the accounts of the relevant associations. Instructions had later been given relating to grouping with the utilization of those funds, and making payments relating to the loan process. The relevant activities are being carried out.</p>
<p>b) Provision amounting to Rs. 2,989,650 had been provided for 03 GramaNiladhari divisions under the <i>Grama Shakthi</i> programme of the Divisional Secretariat, Wattala, and the provision granted to an association amounted to Rs. 996,550. The actual expenditure of those associations amounted to Rs. 29,500, Rs. 200,000, and Rs. 25,000 as at 31 December 2018. As such, a sum of Rs. 2,735,150 was retained in the accounts without taking action even up to May 2019 for the functioning of Circular Fund.</p>	<p>The funds allocated should be utilized productively.</p>	<p>Following instructions given by the President's Secretariat, those funds had been credited to the accounts of the relevant associations. Instructions had later been given relating to grouping with the utilization of those funds, and making payments relating to the loan process. The relevant activities are being carried out.</p>

3.4 Losses and Damages

The following observations are made.

Audit Observation -----	Recommendation -----	Comment of the Accounting Officer -----
<p>a) According to the final report of the Board of Inquiry conducted in terms of Financial Regulation 104(1) in regard to the misplacement of monies kept in the safe at the Divisional Secretariat, Mahara on 15 July 2014, it had been reported that the deficiencies in the duties of Divisional Secretary who should be responsible for overall supervision, Accountant, Financial Assistant, and Shroff had been attributable to the said misplacement of monies. It was proposed that the loss sustained by the Government due to negligence and lack of attention, should be recovered from the said 4 officers. Accordingly, the District Secretary recommended that the loss of Rs. 1,082,245 be divided equally among the four officers and recovered, and the Secretary to the Ministry of Home Affairs was requested for approval in that connection on 06 August 2018. However, as the approval was not received even by May 2019,</p>	<p>The relevant approval should be obtained and the monies should be recovered.</p>	<p>Accordingly, a Letter, dated 06 August 2018 was sent to the Secretary to the Ministry of Home Affairs requesting his approval for the equal recovery of the said loss of Rs. 1,082,245.42 from the responsible officers (as mentioned in final report of the Board of Inquiry) of Divisional Secretary, Accountant, Financial Assistant, and Shroff after being recommended by the District Secretary. As the approval was not received, reminders were sent on 19 September 2018, 23 October 2018, 07 November 2018, and 22 January 2019.</p>

action could not be taken for the recovery of the loss.

- b) A Cab belonging to the Divisional Secretariat, Minuwangoda had met with an accident on 09 July 1999. According to the preliminary report on the damages as per Financial Regulation 104(3), the Driver of the Van that caused the accident, was responsible therefor, and the expenses on the repairs of the vehicle should be recovered through the insurance policy of the Van. Accordingly, a sum of Rs. 204,360 had been estimated on the repairs of the vehicle, but the insurance company of the Van had agreed to pay only a sum of Rs. 15,000. It was reported on 05 November 2001 that a case had been filed by the Attorney General against the Driver who had caused the accident, to recover the rest of the damage amounting to Rs. 189,360. Even after a lapse of 18 years since the year 2001, action has not been taken so far to conclude the case thereby recovering the loss sustained by the Government.
- Action should be taken for the recovery of loss.
- It had been requested through the Letter of the Attorney General's Department, dated 16 August 2013 relating to the said case that the residential address of the second defendant be found, and it had been informed that the second defendant, had proceeded abroad on 04 March 2014. The information relating to foreign address of the second defendant received from the Department of Immigration and Emigration, had been forwarded to the Ministry of Home Affairs on 19 November 2019. The second defendant has arrived in Sri Lanka by now. The Divisional Secretary, Wattala informed through his Letter, dated 06 May 2019 that he resided at No. 355 A, Paranambalama, Uswetakeiyawa in the Grama Niladhari division of Paranambalama-167/A. Action will be taken to forward that information to the Attorney General's Department.

3.5 Uneconomic Transactions

The following observation is made.

Audit Observation	Recommendation	Comment of the Accounting Officer
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<p>As for the building complex of the District Hospital, Minuwangoda housing the Theatre, Neonatology Unit, and the Blood Bank that had been constructed in the years 2011/2012 and declared open in August 2014, only the Blood Bank had remained functional even by the preceding year. As the other Units had remained non-functional since the year 2014, the air-conditioning system had needed repairs. As such, the Divisional Secretariat, Minuwangoda had spent a sum of Rs. 1,000,000 on the repairs thereon. However, the Theater had remained non-functional even by 06 May 2019, the date of audit.</p>	<p>The reasons for incurring expenses on the non-functional Units, should be looked into.</p>	<p>The Divisional Medical Officer, on several occasions, had made comments relating to the said deficiency at the meetings of the divisional development Committee, and provision had been provided accordingly. Moreover, in order to facilitate the building complex comprising the Theatre, Neonatology Unit, and Blood Bank, the air-conditioning system has been repaired. The Blood Bank remains functional at the moment whereas the Theatre is non-functional. The Divisional Medical Officer, has been apprised in this connection. It is expected that this work will be commenced promptly.</p>

3.6 Management Inefficiencies

The following observations are made.

Audit Observation	Recommendation	Comment of the Accounting Officer
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(a) Pension Division		
(i) An overpayment of Rs.	Action should be	Of the said

56,757,594 had been taken promptly to overpayments, a sum of made to 463 pensioners recover the Rs. 8 million had been pertaining to 11 overpayments. recovered as at 31 March Divisional Secretariats due to miscalculations, and non-compliance with provisions of Circulars. 2019 whilst the balance is being recovered in installments. A report on the progress of recovery as at 30 June 2019 will be furnished to the Auditor General with a copy to the Secretary of Internal and Home Affairs.

- (ii) The Divisional Secretariats should maintain a pension file for every pensioner receiving a pension. However, files had not been maintained for 426 pensioners receiving pensions from 09 Divisional Secretariats. Action should be taken to update the files. Information relating to the pensioners without files had been summoned. However, obtaining information was difficult due to reasons such as, senility of the pensioners, and unawareness of many persons receiving W&OP regarding employment details and offices of their spouses. Some of the files were prepared by requesting information from the institutions where the relevant persons had been employed at. Information could not be obtained from certain institutions as such institutions remained closed. The relevant officers have been instructed that the temporary files not yet approved by the Department of Pensions, be forwarded to the Department of Pensions for approval in due course.

- (iii) A pensioner who had drawn his pension from the Divisional Secretariat, Mahara, had passed away on 25 December 2015. As his pension had been credited to the bank account even after the demise, a sum of Rs. 181,902 remained recoverable to the Government. The heir of the pensioner had died on 14 September 2016, and as the death had not been reported on time, this situation had occurred.
- Action should be taken promptly to recover the overpayments. When a pensioner is deceased, the Grama Niladhari should inform the Divisional Secretary.
- As there were no heirs to recover that sum, letters have been sent to the Department of Pensions requesting instructions.
- (iv) There existed 46 files at the Divisional Secretariat, Mirigama by the end of January 2019 of which the salary anomalies should be eliminated in terms of Public Administration Circular, No. 5/2015.
- Action should be taken for the elimination of anomalies.
- According to the Pensions Circular, No. 5/2015, there were 28 files by May 2019 of which anomalies should be eliminated. Of that, there were 06 files belonging to the widows of the Army. Information required for the elimination of anomalies was requested from the Army, but such information has not been received so far. As for 06 pensioners without files, temporary files have been prepared and sent for approval of the Director General of Pensions. As salaries can not be adjusted with respect to the other files, letters have been sent requesting instructions from the Salaries

Commission relating to the salary steps.

- (v) Divisional Secretariat, Kelaniya.

Due to delay in informing on the demise, it becomes an arduous task to recover the monies remitted to the bank account. Even though a sum of Rs. 17,658,002 had been remitted to bank accounts in 21 instances, recovery of those monies had taken 1-7 years. Owing to delays in informing on the demise, pensions totaling Rs. 999,234 had been remitted to bank accounts during 2016 - 2018 with respect to 22 heirs, but those monies had not been recovered.

In order to avoid delays in informing on the demise, an internal control system should be established properly whilst taking action against the officers responsible. A methodology should be implemented for the recovery of monies.

All the monies have been recovered from the banks; it is kindly informed that those monies have been remitted to the Department of Pensions by now.

A sum of Rs. 744,301 has so far been recovered from the deceased pensioners whilst a sum of Rs. 254,933 has not been received from few of them. letters have been sent to the bank in that connection, but the cheques have not yet been received.

- (vi) Due to failure of the Grama Niladhari in reporting on the deaths of pensioners relating to the Divisional Secretariat, Katana, monies had been remitted to the bank even after the demise of pensioners. There existed a sum of Rs. 114,225 that could not be recovered from 6 persons out of the monies remitted in that manner.

It is necessary for the Grama Niladharis to be instructed that proper action be taken to inform the Divisional Secretary on the deaths of pensioners.

The Grama Niladharis have been apprised of the methodology for informing the Divisional Secretariats after the demise of the pensioner. The Grama Niladharis have been instructed that a monthly report be furnished on the deceased pensioners. It is expected to recover the monies credited to the banks after demise of pensioners, from the heirs through the Grama Niladharis.

- (vii) As **double payments** had been made to a pensioner by the Divisional Secretariat, Ja Ela, it was revealed on 03

It is necessary to examine the **double payment** of pensions. Action should be taken against the

The recovery of overpaid pensions is constantly examined. The overpayment shall be recovered in installments

September 2015 that pensions amounting to Rs. 358,057 had been overpaid. Although action had been taken to recover in monthly installments of Rs. 5000 from November 2015, the pensioner had passed away on 23 December 2015. The balance that still remains recoverable, amounts to Rs. 343,057, but no action whatsoever had been taken even up to May 2019.

officers responsible whilst recovering the overpayment.

or in full. The monies in the bank accounts shall be recovered promptly and transferred to the Director General of Pensions.

- (viii) An accurate relationship should exist between the pension files maintained at the office relating to the pensioners living in the division of the Divisional Secretariat, and the pension database. However, 82 instances were observed with 4 Divisional Secretariats in which pensions had been paid without the National Identity Card Number or inputting the NIC No in a fraudulent manner into the database.
- Payments should be made after verifying the information.
- The reason for the failure to state the National Identity Card Number of the relevant pensioners was that they did not possess National Identity Cards. The relevant files were examined as well, and there are pensioners whose pension files and the certificates of residence obtained annually, do not contain the National Identity Card Numbers. Nevertheless, action will be taken to rectify this situation during the year 2019.
- (ix) Divisional Secretariat, Wattala.
- The pensioner with the Pension No. 01-227728 had died on 01 January 2015. A sum of Rs. 483,937 had been remitted to the bank account maintained under his name from January
- Attention should be drawn on the recovery of those monies.
- Problems occur following the pensions of decedents remaining in the accounts over extensive periods. Through the improvement of obtaining the certificates of residence annually,

2015 to December 2016. The sum recoverable as at 31 December 2018, amounted to Rs. 107,621. As no heirs of the deceased pensioner could be found, the said balance remained unrecoverable.

action has been taken to recover the non-paid pensions. Instructions have been issued to the Divisional Secretary and the Accountant that attention should constantly be paid thereon.

- A Sub Postmaster, at his retirement, was not entitled to a pension, but he had been provided with a pension by the District Secretariat. The total value thereof amounted to Rs. 454,918. A sum of Rs. 46,000 had been recovered after that offence being revealed, and the pensioner had passed away on 31 July 2014. As such, a sum of Rs. 408,918 remained further recoverable, and that sum could not be recovered from the heirs as well. When investigating on the officers responsible for the said loss occurred due to negligence of the officer, it was revealed that there existed only the signatures without information on the names of officers who had prepared
- Action should be taken against the relevant officers relating to the payment. Information should be maintained on the officers responsible.
- The Divisional Secretary and the Accountant have been instructed that action should be taken for the recovery of those monies.

and checked the pension. This was informed to the Director General of Pensions on 09 January 2019. However, the reply to the said letter had not been received even up to May 2019.

- (x) Due to failure in promptly informing on the demise of pensioners relating to the Divisional Secretariat, Wattala, an overpayment of Rs. 8,550,748 had been made to 22 pensioners. The parties responsible should be identified whilst taking action for the recovery of overpayment. Due to reasons such as, the demise of a pensioner occurring at a place other than the relevant division, and ignorance of the relatives / neighbors, the death of a pensioner is not reported properly. However, the Grama Niladharis have constantly been apprised at the divisional meetings that attention be paid on the pensioners living in the respective divisions thereby reporting information to the Divisional Secretariat.
- (xi) As the demises of 07 pensioners relating to the Divisional Secretariat, Gampaha had not been informed properly, pensions totaling Rs. 3,022,081 had been remitted to the bank accounts even after the deaths. The recovery of those monies remained questionable as a person responsible for the recovery of those monies could not be found. The parties responsible should be identified whilst taking action for recovery of the monies overpaid. According to the Circular of the Secretary to the Ministry of Public Administration and Disaster Management, the relevant officers have been instructed to stop the pensions by obtaining information relating to the deceased pensioners from the Additional District Registrars.

(xii) Pensions Fraud

A person with Pension No. 01-603326 and Widow's Pension No. 21-500158 pertaining to the Divisional Secretariat, Gampaha, had died on 30 May 2012. The amount remitted to his bank account during the period from June 2012 up to December 2016 totaled Rs. 2,696,303. The said amount had been withdrawn by his son through ATMs. A sum of Rs. 250,000 therefrom had been paid by him to the Divisional Secretariat whereas the balance of Rs. 2,388,251 has not been recovered so far.

The parties responsible should be identified thereby recovering the losses sustained by the Government.

An inquiry is being held at the moment in this connection. The person who had collected the pension fraudulently has been taken into custody. An inquiry has been conducted in this regard as per Financial Regulation 104.

(xiii) The demise of 65 pensioners pertaining to 7 Divisional Secretariats had been informed to the Divisional Secretary after delays ranging from 30 to 912 days.

Proper methodologies should be introduced to avoid delays.

Due to reasons such as, the death of pensioners taking place somewhere other than the division, and lack of awareness of the relatives / neighbors, the demise of pensioners is not reported properly. However, the Grama Niladharis have constantly been apprised at the divisional meetings that attention be paid on the pensioners living in the respective divisions thereby reporting information to the Divisional Secretariat

(xiv) The pensioner with the Pension No. 60-62944 pertaining to the Divisional Secretariat,

Overpayments should be recovered.

Instructions have been issued to both the Divisional Secretary and the Accountant to take

Minuwangoda had died on 30 August 2018. The sum of Rs. 18,294 remitted to his savings account maintained at People's Bank, Minuwangoda for the month of September 2018, had been withdrawn from that account. Furthermore, the pensioner with the Pension No. 1145015 had died on 27 September 2018. A sum of Rs. 21,234 had been remitted to his savings account maintained at People's Bank, Minuwangoda with respect to October 2018, and that amount too had been withdrawn by his relatives.

action for the recovery of those monies.

(b) Lands owned by the Government.

(i) The following matters were observed with respect to the Divisional Secretariat, Attanagalla.

The beneficiaries of Grants may transfer the enjoyment to the parties to whom the enjoyment could be transferred legally although no sale is allowed. However, it was observed that the beneficiaries of Grants had sold their lands on cash in many colonies. It is also observed that the owners of Grants do not occupy the relevant land at present. The authorities had not taken

Action should be taken to grant plots of land to the relevant beneficiaries of Grants.

Further action is taken on the plots of land in 04 colonies under the approval of Provincial Commissioner of Lands.

any action whatsoever in that connection.

Of the parcels of land in 4 colonies, 10 beneficiaries had sold their lands whilst 17 lands had been occupied by persons other than the beneficiaries of Grants. Seven lands remained unoccupied whereas 34 lands remained encroached.

- (ii) By the year 2018, fourteen encroachers had been identified in regard to lands owned by the Government. They had encroached the parcels of land allocated for the roads leading to colonies, and the reserves for canals and streams. Having filed cases with verdicts returned in that connection though, such lands had not been settled and taken over even up to 08 February 2019.
- Action for the recovery should be taken promptly.
- Action had been taken against 5 encroachers in terms of State Lands (Recovery of Possession) Act, thereby settling the enjoyment. Court orders had been obtained in terms of the aforesaid Act to evict 04 encroachers. As such, provision had been requested from the Commissioner General of Lands in order to implement the said directives.
- In order to identify the plot of land being encroached by another person, and prepare a tracing, a survey request had been sent to the Superintendent of Surveys.
- Furthermore, cases are being heard at the Court against 3 encroachers under the Nos 62805, 54046, and 54047. A notice of eviction has been issued to another encroacher in terms of the State Lands (Recovery of Possession) Act.

- (iii) In order to regularize the encroachers without possessing a license or a Grant in the colonies of the division, the District Land Use Policy Planning Office had been requested on 25 January 2018 for obtaining approval of the Land Use Planning Committee in regard to 71 plots of land in 21 colonies, 5 plots in Ranavirugama, and all the plots in the Government land in Angalthenna. Approval had been received only for one colony even up to 09 February 2019. Accordingly, action could not be taken for conducting land kachcheri to regularize the said lands.
- Necessary action should be taken promptly.
- In order to take action against the encroachers of 71 plots of land in the division as per Circular, No. 2008/4 of the Commissioner General of Lands, the District Land Use Policy Planning Office had been requested on 25 January 2018 to examine the suitability of lands. Although the Committee had granted approval for 07 plots of land, a reminder had been sent on 14 November 2018 requesting recommendations for the rest of the plots of land. Once the relevant recommendations are received, further action will be taken to prepare land kachcheri proposals thereby obtaining approval of the Provincial Commissioner of Lands.
- (iv) Failure to provide the residents with the Grants issued for the lands owned by the Government.
- Once the Grants signed by the President to be granted to the residents occupying the Government-owned lands in the division of Divisional Secretariat, Dompe, had been registered with the District Land Registrar Office, such Grants should have been
- Action should be taken to provide the Grants for the beneficiaries.
- Action has been taken to settle the issues pertaining to those 33 plots of land whilst being expected to distribute the Grants in due course.

granted to the relevant beneficiaries.

Information on 33 plots of land relating to 17 divisions of Grama Niladhari had been retained by the Divisional Secretariat. Reports of the Grama Niladhari had been obtained in the year 2017 relating to the current situation thereof. Nevertheless, no action had been taken to settle the issues thus revising the Grants.

- (v) Forty Three and 24 licenses had been prepared during the years 2015 and 2016 respectively relating to the 34 colonies under the division of the Divisional Secretariat, Wattala. Nevertheless, such licenses had not been granted to the beneficiaries.
- Action should be taken for granting the Grants to the beneficiaries
- In order to distribute the remaining Grants, the beneficiaries have been informed in writing and through the Grama Niladharis. Action will be taken in due course for the distribution of those Grants
- (c) The schools and buildings remaining closed pertaining to the Divisional Secretariat, Divulapitiya.
- The school, named Welagana, in Divulapitiya, closed in the year 2012, had been given on ground rent for a period of 75 years under the 1960 concept of schools taken over by the Government. The grandson of the initial owner had
- Attention should be drawn to make use of the land productively.
- The said Government school has temporarily been handed over to the Divisional Secretary. The school will have to be handed over in due course upon being requested by the Provincial Department of Education. At the present day, the buildings of the school are being used for the duties of the field officers of the

presented documents to the Divisional Secretary, Divulapitiya on 20 August 2012 requesting the recovery of the school. However, action had not been taken either to hand over the property after being settled, or ensure productive utilization.

- By the year 2019, the office of the Grama Niladhari was established in the building on the land where the Primary School of Kuleegedara had been located before being closed prior to the year 2013. Even though the Department of Textile Industry and the Coconut Development Authority wanted this land for the development programme named “*Kapruk Purawara*”, the land was not made use of for any of those activities.

(d) *Seva Piyasa*

- (i) Making use of 2 of the 4 *Seva Piyasa* buildings the constructions of which had been completed in the division of Divisional Secretariat, Mahara by 31 December 2017 at the expenditure of Rs.

Government in addition to being used for general purposes.

The reasons for the delay, and failure to make use of the *Seva Piyasa* buildings should be inquired.

The reason for the delay in utilization despite the completion of constructions in the year 2017, is that the Ministry of Home Affairs expected the *Seva Piyasa* be declared open in an

7,000,000, had been delayed until 15 October 2018 whereas 2 *Seva Piyasa* buildings had not been used.

official manner.

- (ii) The following matters were observed with respect to the *Seva Piyasa* buildings constructed during the period of 1987-2018 in the division of Divisional Secretariat, Minuwangoda.

- The *Seva Piyasa* building in the Grama Niladhari division of Ellangala had been constructed in the year 2015 at an expenditure of Rs. 300,000. That building comprised a roof and 4 beams constructed on the foundation. No water, electricity and sanitary facilities had been provided. The building has not been made use of thus far.

Attention should be drawn on the productive utilization of Government provision.

Action has been taken to rectify the deficiencies with the said Sava Piyasa, whilst ensuring that such deficiencies would not occur in the future.
- The *Seva Piyasa* building in the Grama Niladhari division of Walpitamulla had been repaired in the year 2015 by utilizing provision amounting to Rs. Rs. 300,000. The building remained unused even by the year 2019. It was observed that there existed no water, electricity and sanitary facilities.

Attention should be drawn on the productive utilization of Government provision.

Action will be taken to render public service by obtaining electricity.

- The construction of *Seva Piyasa* building in the Grama Niladhari division of 123/3 Yatiyana East had been completed in the year 2017. As the said building had been constructed on a land not belonging to the Government, the owners of the said land had filed a case against the Divisional Secretary, Minuwangoda in the year 2018.

Attention should be drawn on the productive utilization of Government provision. It is necessary to be cautious when constructions are made sans land rights.

Approval was sought by the villagers to maintain a three wheeler park by stating that the said land belonged to the Government. When finding out information relating to the land in this scenario, several parties claimed ownership of the land from time to time, but no documents were made available proving the legal ownership. However, the well on that land used in common for bathing, was renovated and allowed to be used by the public. It was noted in the deed and the folios of the adjacent land where the building belonging to the Multipurpose Cooperative Society located, that the said land had belonged to the Government. Due to lack of a Government-owned land suitable for constructing "*Nilasevana*" in the division of Grama Niladhari where this land was located, the said land was considered as being Government-owned following the said confirmations by the residents owing to the strongly-felt requirement of "*Nilasevana*", thereby constructing the "*Nilasevana*", on the provision made by the Ministry of Home Affairs in the year 2017.

(e) Disaster Management-
Divisional Secretariat,
Divulapitiya.

- (i) The reasons that caused the heavy and light floods in Gampaha district during the several preceding years included : failure to remove the blockages in canals at the divisional level, irregular flow of water down the canals, and lack of proper maintenance of the canals. Accordingly, the Divisional Secretariat, Divulapitiya had furnished information to the Ministry of Disaster Management relating to 111 canals and culverts that should have been renovated during the year under review, but no renovation work was commenced even by March 2019.
- The reasons attributable to flooding should be identified thereby adopting remedial measures.
- Several districts in Sri Lanka had been affected, and it is informed that the floods had been triggered by mere climatic changes. Some of the said canals are maintained by the Department of Irrigation whereas the others are maintained by the Department of Agrarian Services. It is also informed that the canals, along which water flows out, should be maintained by the Pradeshiya Sabha and the Municipal Council. Despite being made aware in that connection at the Coordinating Committees, it appears that provision is not granted by those institutions as required. Although the provision received by us is utilized optimally, we do not receive the entire provision. Apart from that, the blocked canals were renovated with the assistance of Land reclamation and development Corporation in the wake of floods occurred in this year. To ensure this work be done in a productive manner annually, the water outflows identified should be renovated at least once per 6 months.

- (ii) Five tractors, and 3 water bowsers provided by the National Disaster Relief Services Centre, had been received by the Divisional Secretariat, Divulapitiya during the year 2017. In order to provide drinking water for those affected by the Uma Oya project, tractors and 3 water bowsers that remained fully functional, were handed over to the District Secretary, Badulla on 19 July 2017 under the approval of the District Secretary. The said three vehicles returned improperly on 05 April 2018, were observed to have been seriously damaged. The vehicles could not be made use of without being repaired. However, those vehicles remained in the same condition even by March 2019.
- The reasons which caused this situation, should be inquired, thus taking necessary action.
- Provision has been requested to repair those vehicles. Once the provision is granted, the repairs will be carried out.

4. Human Resource Management

The following observation is made.

Audit Observation

An acting appointment should be made as a temporary measure only and until a substantive appointment is made in terms of Section 13(3) of Chapter II of the Establishments Code. In cases of the necessity of a full time officer

Recommendation

Permeant officers should be appointed immediately.

Comment of the Accounting Officer

As a number of officers adequate to fill the number of vacancies had not been assigned to this district, there existed no alternative solution except for making acting

for the post, a substantive appointment should be made immediately. Contrary to that, acting appointments had been made for 81 Grama Niladharis relating to 7 Divisional Secretariats. However, a permanent officer had not been appointed in that connection.

appointments contrary to provisions of the Establishments Code as mentioned in the audit query.