

## Head 263-District Secretariat, Hambanthota

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### 1. Financial Statements

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#### 1.1 Qualified Opinion

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The audit of the financial statements of the District Secretariat, Hambanthota 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. In terms of Sub-section 11(1) of the National Audit Act, No.19 of 2018, the summary report including my comments and observations on the financial statements of the District Secretariat, Hambanthota was issued to the Accounting Officer on 29 May 2019. In terms of Sub-section 11(2) of the National Audit Act, the Annual Detailed Management Audit Report relating to the District Secretariat, Hambanthota was issued on 24 May 2019 to the Accounting Officer. This report read in conjunction with Article 154(6) of the Constitution of the Democratic Socialist Republic of Sri Lanka, is submitted to Parliament in terms of Section 10 of the National Audit Act, No.19 of 2018.

In my opinion, except for the effects of the matters described in paragraph 1.6 of this report, the financial statements give a true and fair view of the financial position of the District Secretariat, Hambanthota as at 31 December 2018, and of its financial performance and cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

#### 1.2 Basis for Qualified Opinion

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

#### 1.3 Responsibility of the Chief Accounting Officer and the Accounting Officer for the Financial Statements

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The Chief Accounting Officer and the Accounting Officer are responsible for the preparation of financial statements that give a true and fair view in accordance with Generally Accepted Accounting Principles and in terms of Section 38 of the National Audit Act, No.19 of 2018 and for such internal control as the Chief Accounting Officer and the Accounting Officer determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

As per Sub-section 16(1) of the National Audit Act, No. 19 of 2018, the District Secretariat is required to maintain proper books and records of all its income, expenditure, assets and

liabilities, to enable annual and periodic financial statements to be prepared of the District Secretariat, Hambanthota.

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

#### **1.4 Auditor's Responsibility for the Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, 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 Requirements

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As required by Sub-section 6 (1) (d) of the National Audit Act, No.19 of 2018, I state the followings:

- (a) As there was no requirement of preparation of financial statements by the District Secretariat, Hambanthota for the preceding year, I could not state that the financial statements of the year under review are consistent with the preceding year.
- (b) As there was no requirement of preparation of financial statements by the District Secretariat for the preceding year, recommendations on financial statements had not been made.

## 1.6 Comments on Financial Statements

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### 1.6.1 Statement of Financial Performance

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The following observations are made.

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
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(a) In terms of paragraph 7(iv) of the State Accounts Circular No.267/2018 of 21 November 2018, the figures in the statement of financial performance should tally with the statements of final accounts of the Treasury. As such, receipts of deposits according to statements of final accounts of the Treasury amounted to Rs.668,930,412. However, it had been shown in the statement of financial performance as Rs.669,451,137, overstating by Rs.520,725.	Action should be taken in terms of the State Accounts Circular No.267/2018 of 21 November 2018.	The balance in the General Deposit Account maintained on behalf of the Department of Motor Traffic is included in Format ACA 4 and action will be taken to rectify that in the preparation of accounts in the ensuing year.

- (b) The above mentioned receipts of deposits should be shown in the statement of financial performance as other receipts. However, it had not been so indicated. -As above- -

## 1.6.2 Statement of Financial Position

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The following observations are made.

Audit Observation	Recommendation	Comments of the Accounting Officer
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<p>(a) In terms of paragraph 3.1 of the State Accounts Circular No.267/2018 of 21 November 2018, the figures in the statement of financial position should tally with the statement of final accounts of the Treasury. The balance of the deposit account as at 31 December 2018 relating to the District Secretariat had been shown as Rs.298,149,870 in the statement of financial position. However, it had been Rs.297,167,561 according the statements of final accounts of the Treasury.</p>	<p>Action should be taken in terms of provisions in the State Accounts Circular.</p>	-
<p>(b) In terms of paragraph 7(v) of the State Accounts Circular, net assets should have been computed. Taking into consideration, the above</p>	-As above-	-

mentioned observation as well, the value of net assets of the District Secretariat should have been an unbeneficial balance of Rs.92,297,970. However, it had been shown as an unbeneficial balance Rs.93,280,279.

### 1.6.3 Cash Flow Statement

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The following observations are made.

Audit Observation	Recommendation	Comments of the Accounting Officer
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(a) Even though the Secretariat had repaid deposits of Rs.575,606,446 in the year under review, it had not been shown in the cash flow spent for operations.	Action should be taken in terms of State Accounts Circular No.267/2018 of 21 November 2018.	-
(b) Transactions of Rs.66,156,983 and Rs.121,641,845 had been carried out in the year under review as receipts and payments of advances respectively. However, it had not been shown in the net cash flow generated from investment activities of the cash flow statement.	Action should be taken in terms of State Accounts Circular No.267/2018 of 21 November 2018.	-
(c) Even though the Secretariat had not engaged in financial activities in the year	-As above-	-

under review, a sum of Rs.697,248,291 had been shown in the cash flow spent for financial activities of the cash flow statement.

**1.6.4 Non-maintenance of Books and Records**

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It was observed during audit test checks that the District Secretariat had not maintained the following registers while certain other registers had not been maintained in the proper and updated manner.

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
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<b>(a) Register of Losses</b>		
----- The Register on Losses and Damage had not been maintained in a proper and updated manner.	Action should be taken in terms of provisions in Financial Regulation 110.	I will make arrangements to maintain it in an updated manner.
<b>(b) Inventory of Electrical Fittings</b>		
----- An Inventory of Electrical Fittings had not been maintained.	Action should be taken in terms of Financial Regulation 454(2).	I will make arrangements to maintain the said register in future.
<b>(c) Register of Official Telephones</b>		
----- A Register of Official Telephones had not been maintained in terms of Financial Regulation 845(1)	A Register of Official Telephones should be maintained as per Appendix 26 in terms of Financial Regulation 845(1).	I will make arrangements to maintain the said register in future.
<b>(d) A List of Vehicles</b>		
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A List of Vehicles had not been maintained.

Action should be taken in terms of Financial Regulation 1647(e).

I will make arrangements to maintain the said list in an updated manner in future.

**1.6.5 Non-compliance with Laws, Rules and Regulations**

Instances of non-compliance with provisions in laws, rules and regulations observed during the course of Audit are analyzed and shown below.

<b>Audit Observation</b>	<b>Non-compliance</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
<b>Reference to Laws, Rules and Regulations</b>	<b>Non-compliance</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
<p><b>(a) Establishments Code of the Democratic Socialist Republic of Sri Lanka</b></p>	<p>Section 1.9 of Chapter XII of Details of annual leave taken by certain officers who have come on transfer to the Divisional Secretariat, Okewela, from the date of the first appointment, had not been sent to the previous work place and recorded in the Leave Register.</p>	<p>Action should be taken in terms of provisions in the Establishments Code.</p>	<p>Details of leave of officers are not received when they come on transfer and they are sent with the personal files or even afterwards.</p>
<p><b>(b) Financial Regulations of the Democratic Socialist Republic of Sri Lanka</b></p>	<p>A cab vehicle belonging to</p>	<p>Action should be</p>	<p>In terms of</p>

Regulations and 104	103	the Divisional Secretariat of Ambalanthota had met with an accident on 16 January 2016. However, no action whatsoever had been taken relating thereto even by 31 December 2018.	taken in terms of Financial Regulations.	Financial Regulation 104(4), I will take action to formally appoint a Board of Inquiry in future to hold inquiries and report to Audit accordingly.
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**(c) Public Administration Circulars**

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| (i) Paragraph 3.1 of Circular No.30/2016 of 29 December 2016                            | Fuel consumption test of 4 Government motor vehicles belonging to 02 Divisional Secretariats had not been carried out in the year 2018.  | Action should be taken in terms of provisions in the circular. | It has been briefed by my letter No. DSH/ACC/02 of 25.01.2019 that the fuel consumption test should be carried out as due in future. |
| (ii) Paragraphs 04 and 05 of Letter of Circular No. HAF-03-ADMIN-02-002 of 05 July 2013 | Every Grama Niladhari should submit a report on unauthorized occupancy/constructions to the Divisional Secretary once in 02 weeks. However, there had been instances in which action had not been taken accordingly. | Action should be taken in terms of the circular.               | Action will be taken in future to obtain two weekly reports as due.  |

## 2. Financial Review

### 2.1 Management of Expenditure

The following observation is made in this connection.

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
<b>Savings of Provisions obtained from allocations of Supplementary Estimates</b>		
Provisions of Rs.208,810,000 had been made under allocations of supplementary estimates for rehabilitation of areas affected by floods occurred in the year 2017. A sum of Rs.34,117,297 representing 16 per cent of that had been saved by 31 December 2018 without being utilized.	Making provisions adequate only for the required purposes by considering them.	Even though it has been estimated according to bills of contractors, provisions have been saved as a result of decrease in value in the payment of bills on the recommendation of the Road Development Authority and the unspent estimated value due to paying compensation by the National Insurance Trust Fund Board.

### 2.2 Utilization of Provisions made available by other Ministries and Departments

The following observations are made.

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
(a) A sum of Rs.2,113,447 had been estimated for 10 Items of Works for the Project on Construction of Walking Track implemented in the Ruhunu Magampura	In planning the project, estimates should be prepared by including all works after a prior study.	While implementing the project, it was understood that problems of planning the project exist. The said construction being the first experience of such an assignment had been the main result.

## Administration

Complex premises in the year 2017 by the Ministry of Sports. In the examination of bills, it was observed that payments of Rs.751,601, Rs.273,258 and Rs.1,015,468 had been made for estimated works, extra works, and additional works respectively. Accordingly, about 61 per cent of the value of estimated works had been paid as extra and additional works. Moreover, it had not been made use of so as to achieve the expected objectives of the project from the date of completion of the project up to May 2019.

- (b) An overpayment of Rs.1,781,052 comprising of and Rs.43,446 for laying concrete, Rs.358,286 for asphalt, Rs.49,860 for laying and crushing asphalt, Rs.979,600 for supplying ABC mixture and Rs.349,860 for laying and crushing ABC mixture based on erroneous measurements obtained in carpeting the Kongastenna Road via Karametiya Ambagahahena under the special programme on development of infrastructure facilities

Payments should be made only for works executed based on accurate measurements relating to constructions.

Approval has been obtained for extra works and additional works. Even though the expected outcome could not be fully achieved thereby up to now, necessary action is being taken to promote it further.

- Concrete instead of asphalt had been laid by considering the condition of the 4.9 meter portion besides the **horizontal** drain and the expenditure of Rs.59,880 therefor had not been paid up to now.
- In the payment for asphalt, according to the quantity of asphalt supplied for the work site, payments had been made for 1907.12 square feet.
- The previous concrete layer had risen on the sides and sunk in the middle and asphalt had to be laid to repair it.
- In making payments for laying ABC, according to the Technical Officer's

in the year 2017.

field book, payments had been made for the median value of 212 mm and no overpayments had been made.

- (c) A sum of Rs.916,200 had been spent for concrete for construction of concrete drains and concrete side walls on the sides of the road of the aforesaid project while a sum of Rs.1,264,716 had been spent for wooden moulds. Accordingly, an expenditure over concrete had been incurred for wooden moulds. Moreover, in the physical verification carried out on 13 August 2018, payments had been made by computing that wooden moulds had been fixed for an unnecessary place in concrete drains and side walls.
- Estimates should be prepared after a proper study by including Items of Work which should be executed according to the nature of the project and payments should be made only for works executed.
- Overpayments had been made for 12 square metres of moulding and it was decided to deduct that amount from the retention money.

### 3. Operating Review

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#### 3.1 Planning

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The following observations are made in this connection.

Audit Observation	Recommendation	Comments of the Accounting Officer
----- (a) According to the District Development Plan, implementation of 05 projects of Rs.3.46 million planned to be	----- Action should be taken during the year to implement proposals planned to be implemented through the Annual Development Plan by making provisions.	----- Project proposals had been identified and those proposals had been included in the Annual Development Plan expecting provisions therefor. However, those projects could not be implemented as the

implemented in the year 2018 by the Office of the District Agricultural Director, had failed. Instead, 06 extraneous projects of Rs.10.55 million not included in the District Development Plan, had been implemented.

- (b) Implementation of 07 projects out of 11 projects, 20 projects out of 26 projects respectively by the National Child Protection Authority and the Computer Training Unit had failed. It was revealed according to the Annual Performance Report of the year 2018 that the National Child Protection Authority and the Computer Training Unit had respectively implemented 03 projects and 07 projects that were not included in the Annual Development Plan.

Action should be taken to implement activities that had been planned to be implemented through the Annual Development Plan, during the year.

relevant Ministries had not made provisions available for the said project proposals. When the Ministry had made provisions available for other proposals instead, action could not be taken in accordance with the Annual Development Plan.

Programmes such as training of Trainee Grama Niladharis and Development Officers, which were not included in the original plan on the provisions made by the Ministry, had to be implemented through the District Computer Training Unit.

**3.2 Functions not executed**

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The following observation is made.

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
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No progress whatsoever had been achieved by 31 December 2018 out of provisions of Rs.7,100,000 made in November 2018 to the Beliatta Divisional Secretariat for implementation of 10 projects by the District Secretariat.	Provisions made should be utilized effectively for development activities.	The relevant projects could not be executed due to reasons such as making provisions by ministries at the end of the year of accounts, inadequate time for procurement activities and achievement of purposes, obstacles due to heavy rains at the time of implementation of projects for reconstruction of tanks and anicuts.

**3.3 Non-achievement of the expected Level of Output**

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The following observation is made.

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
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Provisions of Rs.3,535,000 had been made for a project of laying paving blocks for a road in the Divisional Secretariat Division of Tissamaharama. A sum of Rs.2,425,452 had been spent therefor. During the sample test referred for testing the expected strength of the paving blocks, used for the said construction, the expected level of strength of paving blocks had not reached even 46 per cent.	Construction of roads should be carried out using materials of specified qualities as mentioned in the estimates.	The relevant contractor had been informed to replace the paving blocks presently laid in places, pointed out by Audit observations with new paving blocks of specified standard while action will be taken to subject those paving blocks re-laid, to a quality test once again and obtain results thereof. Payments for the works had been held until then and I will carry out relevant corrections and inform the

Audit.

### 3.4 Non-achievement of expected Outcome

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The following observation is made.

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
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(a) It had been an objective to produce small groups through Grama Shakthi Janatha Viyapara and strengthen rural savings and establish <b>credit societies</b> . However, action had not been taken even by 31 January 2019 to achieve relevant objectives by the Divisional Secretariats of Hambanthota and Tangalle.	Action should be taken to achieve the objectives of the Project.	Small groups have been produced by most of the Grama Shakthi Societies in the first phase.
(b) Out of Rs.36 million provided on 04 September 2018 for 36 Grama Shakthi Janatha Societies in 12 Divisional Secretariat Divisions under Grama Shakthi Janatha Viyapara, a sum of Rs.29.6 million had not been spent even by 31 January 2019, the date of Audit, for the development purpose identified by the Grama Shakthi Societies.	Action should be taken to achieve the objectives of the Project.	The registration of these societies has been carried out during the latter part of the year 2018 and accordingly, the activities of the first phase of those societies are still being carried out. As such, a proper methodology for investing capital funds provided for the said societies and submission of relevant documents had not been carried out. As a result, the funds of societies still exist as deposits.

### 3.5 Delays in the Execution of Projects

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The following observations are made.

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
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(a) A payment of Rs.12,796,000 had been made to a private engineering services company by 31 December 2018 for constructing a new office building in that place by demolishing the old office building of the Divisional Secretariat of Angunakolapelassa. Even though over a period of 05 months had elapsed after the said payment, constructions had not been commenced even by 10 May 2019.	Action should be taken to commence constructions immediately after entering into agreements for completion of the project within the period specifically agreed.	The Ministry of Home Affairs, Internal Affairs, Provincial Councils and Local Government had been informed on several occasions in writing and verbally of obtaining dates for laying the foundation stone and commencing constructions. Nevertheless, it has been delayed due to failure in fixing dates even up to now.
(b) The Project of carpeting the Sippikulama Jumma Mosque Road at an estimated cost of Rs.16,451,106 implemented by the District Secretariat, Hambanthota should have been completed on 05 October 2018, works thereof had not been completed even by 31 December 2018. A payment of Rs.3,486,359 had been made by that date to the contractor.	Action should be taken to complete projects within the period specifically agreed.	The relevant contractor has been notified on several occasions regarding the continuous delay in constructions. Even though the road has been carpeted by now, works have not been completed. Action is being taken to brief the CIDA Institute of the contractor and to make future payments by recovering liquidated damages.

### 3.6 Projects without Progress despite the Release of Money

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The following observation is made.

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
----- Payments of Rs.1,625,511 had been made to the Hambanthota Senior Superintendent of Survey by the Divisional Secretary, Tangalle on 30 December 2017 under provisions of the Presidential Secretariat, for development of the Rekawa lagoon by demarcations. Even though a period of one year had lapsed after making payments, the relevant purpose had not been achieved even by 31 December 2018.	----- Action should be taken to speedily execute the purpose for which the monies of the Government had been spent.	----- As the Survey Department is the only institution that prepares survey plans for settlement of state lands and that surveying does not commence until the total payment had been made and as such, the payment had been made in full. After holding discussions with the Senior Surveyor, surveying activities have been commenced by now. However, the plan has not been received yet.

### 3.7 Other Observations

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The following observations are made.

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
----- (a) Licences had been issued for mining of granite for Lot No.01 receipt in Kalugalara in the Grama Niladhari Division of Seenimodara East belonging to the Divisional Secretariat Division of Tangalle. In carrying out the granite	----- Action should be taken to protect state properties by preparing survey plans through specific demarcations of lands.	----- As the boundaries of state lands cannot be specifically identified, a problem has arisen in taking legal action in this regard. A request for surveying the land had been sent to the Senior Superintendent of Survey. Future measures will be taken after surveying the land and preparing plans.

business, the Galpala land owned by the state, located adjoining this lot, had been occupied illegally.

- (b) The activity of removing scrap of the ship named “Rewhera” sunk in sea in the area of Ooraniya in Kirinda had been assigned to a fishery co-operative society in the year 2010. Even though the sum of Rs.3,500,000 deposited in the District Secretariat by the said society therefor, had been repaid on 31 December 2018, the following deficiencies were revealed in making the said payment.

Action should be taken in terms of Financial regulations.

- (i) In repayment of deposit monies, the two original receipts on deposits had not been submitted along with vouchers.

The depositors had submitted photocopies and the accuracy thereof were confirmed by comparing them with duplicates of receipts in our books.

- (ii) Information of the basis on which the contractor was selected, had not been made available to Audit.

The contract had been awarded to the relevant society with instructions and concurrence of the Navy, Department of Fisheries and Aquatic Resources, Department of Archeology, Merchant Shipping Division of the Ministry of Ports and Aviation and Marine Pollution Prevention Authority.

- (iii) In awarding the contract, an agreement with formal conditions between the two

The contract had been awarded to the relevant society by a letter including conditions due to lack of

parties had not been entered into.

(iv) The deposit money had been repaid despite withdrawal of the purpose by the contractor without completing it.

(v) As the quantity of scrap removed from the ship had not been recorded, there had been no evidence that all monies recoverable to the Revenue was recovered.

experience in such work and approval therefor had been obtained from the Ministry of Ports and Highways and the Ministry of Public Administration and Home Affairs.

The remnants thereof exist without being able to remove, even by now.

Records have been obtained on the quantity of scrap on the supervision of the Grama Niladhari and the **Marine Environment Protection Authority**. Approval had been granted to remove them only after weighing them and paying the custom duty.

### 3.8 Annual Performance Report

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The following observation is made.

<b>Audit Observation</b> -----	<b>Recommendation</b> -----	<b>Comments of the Accounting Officer</b> -----
According to the Annual Performance Report, the achievement of progress in the percentage of achievement of targets relating to 11 functions by 4 Divisions of the District Secretariat had been weak, ranging from 4 per cent to 77 per cent.	Action should be taken to achieve expected performance targets.	The performance of the said Divisions had become weak due to reasons such as non-reference of patients, who are entitled to receive aid, for the Project of granting aid for kidney diseases of the Department of Social Services, non-receipt of provisions for other aid except for aid for kidney disease, and

registrations in the Professional Guidelines and Human Resources Division and non-presentation of recipients for services, non-submission of requests for obtaining technology and consultancy under the awareness programme relating to Small Enterprises Development Division.

The relevant projects could not be implemented due to submission of provisions beneficiary lists for cultivation wells by the Ministry of Agriculture and heavy rains prevailed at that time and inadequate time.

### 3.9 Losses and Damage

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The following observations are made.

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
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(a) Losses and damages totalling Rs.9,659,649 existed relating to 28 instances during a period ranging from the year 1987 to the year 2017. Recovery or writing off those losses and damages from books had failed even by the end of the year under review.	Action should be taken in terms of Financial Regulations relating to losses and damages.	Five incidents relating to losses and damages less than Rs.250,000 had occurred during the period of terrorism in the year 1987. As documents relating thereto have been misplaced, a Committee has been appointed to look into it.  Inquiries relating to a file in respect of an incident occurred during the period of terrorism in the year 1987 due to losses and damages exceeding Rs.250,000 in terms of

Financial Regulation 104 (4), are in progress. As documents relating thereto have been misplaced, a Committee has been appointed to look into it.

Future measures are being taken relating to all other remaining files, by now.

- (b) Fourteen files containing information relating to losses and damages valued totalling Rs.2,544,082 by the end of the year under review, had not been made available to Audit.

Files containing information required for taking action in terms of Financial Regulations should be maintained in an updated manner.

Four files have been handed over for the inquiry in terms of Financial regulation 104 (4) and have been returned by now, after completion of the said inquiry.

Two files have been handed over to the Ministry for obtaining approval for writing off losses and damages in terms of Financial Regulation 109.

The remaining 08 files are very old files and information thereon cannot be found. As such, action is being taken to appoint a committee and to take future measures.

- (c) A Cab vehicle belonging to the Divisional Secretariat of Ambalanthota had met with an accident on 01 January 2015. The Driver had acted in accordance with the instructions given by the Divisional Secretary who was travelling in the vehicle at that time. According to the full report of the inquiry held

As per the recommendation of the report of the inquiry, future action should be taken relating to all officers responsible for the loss.

It has been proposed to recover the loss of Rs.52,337 incurred by the Government from the responsible parties by deducting the amount covered by the insurance company from the total loss. As the Driver has made an appeal to the Secretary to the Ministry of Home Affairs, recoveries have not been made up to now, until the Ministry makes a decision

in terms of Financial Regulation 104 (4) relating to the accident, recommendations had been made that the responsibility of the loss lies with the Driver and the Divisional Secretary. However, it had been recommended to charge the full loss of Rs.497,337 comprising the estimated loss of Rs.397,869 and Rs.99,468 as 25 per cent of the Departmental fee from the Driver of the Cab vehicle. The said loss had not been recovered even by July 2019.

therefor.

### 3.10 Management Weaknesses

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The following observation is made.

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
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<p>Valuation reports should have been obtained for payment of compensation for 36 lots of land acquired under the third stage relating to construction of the Kekiriobada Reservoir. Even though valuation reports have been requested from the Valuation Department for those lots of lands during the period from 28 January 2014 to 09 August 2017, obtaining valuation reports for those lots of lands had failed even</p>	<p>Speedy action should be taken to obtain valuation reports by holding discussions with the Valuation Department to expedite the payment of compensation for the lots of land.</p>	<p>In the acquisition of lands under the first stage, the letter mentioning that the special Cabinet approval granted for payment of compensation for <b>unauthorized lands</b> covers the third stage as well and the register of the relevant landowners had been sent to the Valuation Department. Nevertheless, the Valuation Department had not responded thereon up to now.</p>

by 20 February 2019.

**4. Achievement of Sustainable Development Goals**

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The following observation is made.

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
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In the examination of preparedness for achieving goals and targets in terms of the 2030 “Agenda” of the United Nations for sustainable development, the District Secretariat had not taken action in the year 2018 to prepare plans, required for identification of sustainable development goals and targets and indices and focal points required for measuring the achievement of those targets.	Preparation of plans required for identification of sustainable development goals and taking action to achieve them.	No comments had been made.

**5. Good Governance**

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**5.1 Rendering of Service to the Public**

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The following observation is made.

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
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In the approval of development projects, action should be taken to approve projects so as to distribute among every division. However, no development project whatsoever had been approved in the year 2018 for 18 out of 53 Grama Niladhari Divisions of the Divisional	Action should be taken to approve projects so as to distribute benefits by development projects to every division of the Divisional Secretariat Division.	Even though attention of the authorities has been drawn to projects relating to projects identified in the year 2018 for 53 Grama Niladhari Divisions, approval has been granted for only a few of those projects.

Secretariat Division of  
Walasmulla subjected to  
Audit test checks.

## 5.2 Internal Audit

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The following observation is made.

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
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An internal audit programme had not been prepared for Grama Shakthi Janatha Societies established in all Divisional Secretariat Divisions.	In terms of Grama Shakthi Instructions Paper No.2018-(3) of 12 July 2018, an internal audit programme should be prepared for Grama Shakthi Janatha Societies.	Audit committees have been appointed for internal audit of Grama Shakthi Societies and in transactions of the parent society, the relevant documents and Accounting methodology had not been provided by the Presidential Secretariat up to now and as such, an internal audit has not been carried out.

## 6. Human Resources Management

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The following observation is made.

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
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Action had not been taken to fill 82 vacancies in the staffs of the District Secretariat and the Divisional Secretariats. Even though the excess cadre had been 22, action had not been taken to obtain approval therefor.	Action should be taken to avoid vacancies and excess in the staff.	As a whole, only vacancies exist. The existence of a higher number in the relevant grade is shown as excess.  Action has been taken to notify the Ministry of Public Administration and Home Affairs every year relating to vacancies and action is

being taken to fill vacancies  
after new officers are  
recruited.