

## Head 256 – Gampaha District Secretariat

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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 Gampaha District Secretariat for the year ended 31 December 2019 comprising the statements of financial position as at 31 December 2019 and statements 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 Gampaha District Secretariat was issued to the Accounting Officer on 31 May 2020. In terms of Sub-section 11(2) of the National Audit Act, the Annual Detailed Management Audit Report relating to the District Secretariat was issued on 04 September 2020 to the Accounting Officer. This report which should be 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 prepared in accordance with the provisions of the Public Accounts Circular No. 271/2019 dated 03 December 2019 give a true and fair view of the financial position of the Gampaha District Secretariat as at 31 December 2019, 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 qualified opinion.

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

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The Chief Accounting Officer and 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 determination is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

As per the section 16(1) of the National Audit Act, No. 19 of 2018, the District Secretariat is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable annual and periodic financial statements to be prepared.

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

- That the financial statements correspond to the previous year,
- My recommendations regarding the financial statements for the previous year were implemented in the presentation of the financial statements for the year under review.

## 1.6 Comments on Financial Statements

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### 1.6.1 Non- Compliance with Rules and regulations

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#### Audit Observation

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Reference to Rules and regulations	Non- Compliance	Recommendation	Comments of Accounting Officer
Financial Regulations of the Democratic Socialist Republic of Sri Lanka – Financial Regulation 571	The District Secretariat had not acted in accordance with the regulations regarding the balance worth of Rs. 15,285,438 which had been deposited in 3 General Deposit Accounts in 280 instances and had not been settled for more than two years.	Deposit balances should be settled in accordance with Financial Regulations.	Awareness has been given through written and financial advice to keep this in perspective. This will also be discussed at the Audit and Management Committee meeting.

## 2. Financial Review

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### 2.1 Imprest Management

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Audit Observation	Recommendation	Comments of Accounting Officer
<p>According to the imprest plan for the year 2019, the maximum amount to be applied imprest worth is Rs. 14,721,985,000, but the applied maximum amount is Rs. 13,840,349,559. However, the applicant received only Rs. 6,776,120,000 or 49 percent during the year under review. Due to this, the performance of the District Secretariat could not be carried out as planned.</p>	<p>Need to take action to get the maximum imprest amount.</p>	<ul style="list-style-type: none"><li>• Request will be made after receiving or receiving part of it from the treasury for the requirements related to the planning and application of the imprests. For example, the imprest given on several times during the year for the construction of new building of the District Secretariat was Rs. 1,856 million imprest from March to December.</li><li>• The applied imprest is Rs. 7,999 million out of the total applied imprest amount of Rs. 13,840 million after deducting received value of the Rs. 3,985 from the Gamperaliya projects and the applied imprest amount of Rs. 1,856 for the new building of District Secretariat.</li></ul>

## 2.2 Expenditure Management

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The following observations are made.

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of Accounting Officer</b>
(a) An additional provision of Rs. 2,100,000 had been transferred for two recurrent expenditure subjects of Rs. 31,100,000 initial provision, but the transferred provision had been fully saved without spending.	Estimates should be prepared as accurately as possible in accordance with the provisions of Financial Regulation 50.	Provisions were transferred due to adjustment allowances of increase in salary expenditure on addition to basic salary and filling of vacancies, increase in overtime expenditure, increase in stationery requirements, increase in postal and telephone requirements, increase in telephone consumption, increase in electricity tariffs and the demand for property loans as per Public Administration Circular No. 03/2016.
(b) Due to over-allocation of Rs. 24,221,808 for 03 recurrent expenditure subjects, allocations were transferred to other expenditure from 8 percent to 56 percent of the estimated allocation.	Estimates should be prepared as accurately as possible in accordance with the provisions of Financial Regulation 50.	Provisions were transferred due to adjustment allowance added to basic salary, some of the expenses were expend under the administrative expenses and discounts had been received due to the tax assessment payments were made in timely.

## 2.3 Unauthorized Working Losses

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The following observations are made.

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of Accounting Officer</b>
(a) According to the final report of the Board of inquiry in accordance with Financial Regulation 104(1) (b) into the disappearance of Rs. 1,082,245 in the Mahara Divisional Secretariat in	Obtaining approval of the Secretary to the Ministry of Home Affairs expeditiously to recover the loss to the	Agreed. Reminder letters dated 19.09.2018, 23.10.2018; 07.11.2018 and 22.01.2018 have been sent to the Secretary of Home Affairs requesting

2014, it was proposed that the four government. officers in charge of financial control should be charged. However, no action had been taken to recover the loss by May 2020.

approval for recovery of damages in this regard.

(b)

The driver of the van involved in the accident was responsible for the accident of Cab No. 251-3437 on July 1999 belonging to the Minuwangoda Divisional Secretariat as per the recommendations of the preliminary report for irrecoverable loss of Rs. 189,360. Accordingly, legal action has been initiated against the driver but, he was unable to recover the loss by the end of year.

Action should be taken to recover the loss to the government from responsible parties without delay.

A case is being examined in the Negombo District court regarding the accident. Information has been found that the driver of the second accused, who was in abroad had arrived in Sri Lanka and that information was communicated to the State counsel on 10.05.2019. Further, the Divisional Secretary of Minuwangoda has sent a letter dated 11.03.2020 to the State counsel inquiring about the present situation. Accordingly, I emphasize that the Attorney General's Department has not been able to complete this task expeditiously due to its slow pace.

## 2.4 Utilization of provisions provided by other Ministries and Departments

### Audit Observation

### Recommendation

### Comments of Accounting Officer

Out of the provision of Rs. 8,192,596,320 allocated for various 44 ministries and departments for the implementation of various projects during the year under

Necessary action should be taken to get maximum benefit from the approved provisions.

- The main factor affecting the balance of these provisions is the halt of implementation of the Gamperaliya projects at the end of year and the

review, the remaining allocation was Rs. 2,990,023,207 or 36.5 percent of the allocated provision. Out of that, Rs. 2,843,950,296 or 53 percent of the allocated provision could not be implemented due to non-disbursement of Rs. 5,357,851,351 imprest for the implementation of various projects by 06 ministries.

non-disbursement of imprest required to settle the bills at the end of year.

- Provisions required for all projects except projects which have been declared under the purview of these ministries have been released to the Divisional Secretariats.

## 2.5 Issuing advances to public officers

### Audit Observation

### Recommendation

### Comments of Accounting Officer

Debt balance due from deceased, retired, suspended, retired and transferred to Provincial councils was Rs. 2,694,690. Out of that balance, the total outstanding debt balance for more than 4 years was Rs. 1,012,282.

Necessary action should be taken to recover the outstanding debt balance expeditiously.

I will pay constant attention to the loan balance. Obtain and submit relevant information on the current situation before 30 June 2020.

## 3. Operational Review

### 3.1 Failure to obtain the desired output level

The following observations are made.

	Audit Observation	Recommendation	Comments of Accounting Officer
(a)	Although 6404 projects were approved under 08 programmes for the District Secretariat and Divisional Secretariats for the year under review, 4975 projects worth of Rs. 1,426,707,694 had not been implemented.	To get maximum benefits from the approved provisions.	No comments were made.

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| (b) | No action had been taken to invite bids for 50 projects worth of Rs. 73,419,698 approved for the Dompe Divisional Secretariat.   | -Do-   | Letter No. BD/GPS/155/09/01/HA/2019 and dated 20.11.2019 from the Secretary to the treasury were suspended in temporarily.   |
| (c) | 02 projects worth Rs. 999,048 and 23 projects worth Rs. 13,243,301 had been called bids under the Rural Infrastructure Development Programme of the Dompe Divisional Secretariat, but those projects had not been implemented as no further action had been taken. | Necessary action should be taken to get maximum benefits from the approved provisions. | -Do-   |
| (d) | Out of the 360 projects approved for the Ja-Ela Divisional Secretariat for the year under review, 77 or 21 percent of the total projects had not been implemented.   | Necessary action should be taken to get maximum benefits from the approved provisions. | Due to the political instability in the country at that time, lack of funds and non-availability of a contractor, it could not be implemented.   |
| (e) | Out of the 176 projects approved for the Ja-Ela Divisional Secretariat to be implemented under the Gamperaliya programme, 17 projects had not been fully implemented and the progress of 07 projects had ranged from 23 percent to 40 percent.                     | -Do-   | Due to prevailing situation in the country at that time, 17 projects could not be implemented due to insufficient time to implement the projects. Although preliminary work on 7 projects has commenced, payments have not been made due to non-submission of bills by the relevant contractors. |
| (f) | Out of the 70 projects approved by the Ja-Ela Divisional secretariat under the Sukitha Purawara programme, only 24 projects were fully completed.  | -Do-   | The answers had not been submitted.  |
| (g) | Although an allocation of Rs. 7,018,000 have been made under the “Nanwamu Lanka” National  | -Do-   | The basic functions of this were performed here and the project could not be completed due to the political instability and  |



- (h) Enterprise development Programme at the Ja-Ela Divisional Secretariat, the programme had not been implemented by 31 December 2019. financial deficit prevailing in the country at that time.
- (i) In April and May 2019, the Secretary of Divulapitiya Divisional Secretariat paid Rs. 14,561,502 to the chairman of Divulapitiya Pradeshiya Sabha for the 20 percent commencement of work for the implementation of 155 projects worth Rs. 72,807,508 approved by the Divulapitiya Pradeshiya Sabha. Out of these projects, construction of 82 projects with an advance of Rs. 7,325,678 had not commenced by 31 December 2019. Inquiries regarding non-commencement of work and necessary action should be taken if the relevant funds have been used for other purposes. The Chairman of the Divulapitiya Pradeshiya Sabha has informed that the projects which were not completed by 30 November 2019 on 12.02.2020 were difficult to complete due to heavy rains, excessive number of projects, lack of human resources and lack of support from the council.
- (j) Although contracts were awarded for the execution of 06 projects worth Rs. 2,701,053 by the Mirigama Divisional Secretariat, the projects had not been implemented. Action should be taken to get maximum benefits from the provisions. The project was cancelled due to non-implementation by the contracting organization during the contract period.
- The following observations are made regarding the conversion of temporary roofs into permanent roofs of the housing development project at the rural and urban levels under the Gamperaliya accelerated development programme.
- Although Rs. 134,884,000 had been approved for 1059 beneficiaries in 08 Divisional Secretariats, the provisions had not been utilized due to non-preparation of estimates. Attention should be paid to get maximum benefits from the approved provisions.
- Although agreements were entered Attention should be submitted. The answers had not been submitted.
- The answers had not been submitted.

- (i) with 190 beneficiaries in 05 Divisional Secretariats to the value of Rs. 22,635,000, those projects had not been implemented. paid to get maximum benefits from the approved provisions.
- (ii) An amount of Rs. 130,903,965 had been approved for 1,062 beneficiaries in 07 Divisional Secretariats and the upcoming payments were stopped due to various issues such as selection of inappropriate beneficiaries, misuse of provided funds and non-performance of plans. When selecting beneficiaries, a proper methodology should be followed to provide benefits to the person who is in real need. The answers had not been submitted.
- (iii) An allocation of Rs. 145,190,000 had been made to the Attanagalla Divisional Secretariat to convert the temporary roof into a permanent roof and only Rs. 86,539,762 had been paid to 898 beneficiaries. Attention should be paid to get maximum benefits from the approved provisions. The answers had not been submitted.
- (iv) At the direction of the public representatives, beneficiary housing unit had provided housing aids at various values from ranging Rs. 100,000 to Rs. 300,000. It was not observed what criteria were used to determine these values. Need to formulate specific and general criteria for providing benefits. The answers had not been submitted.
- (v) Due to the intervention of the public representatives in the selection process of beneficiaries under the programme, housing aid had not been provided for 06 dilapidated houses which were essential for the provision of housing aids in the Attanagalla Divisional Secretariat Division. Only responsible beneficiaries should be recommended by the responsible parties. Although these beneficiaries were identified and submitted to the regional coordinating committee and the relevant political authority, such beneficiaries could not be given benefits as the political authority, they were unable to provide benefits to such beneficiaries as the political authority did not direct them to make allocate provisions.

### 3.2 Non – Economical transactions

Audit Observation	Recommendation	Comments of Accounting Officer
Rs. 14,795,301 and Rs. 235,607,295 were made respectively to provide self-employment training and self-employment equipment for the self-employed persons in the Gampaha District during the period from 2015 to 2018 under the central government allocation distribution process. A detailed management report dated 04 September 2020 drew attention of the District Secretary about many shortcomings observed during the audit.	To pay attention to the matters mentioned in the Financial Regulation 03, to plan and execute the projects properly, to pay attention to the relevant circulars, to update the resource profile viewing system and to identify the problems in product distribution and follow up system.	Agree with the facts made herein, and hope to continue more effectively according to advises given, thereby directing the lives of self- employed to more productive direction and to provide some relief in reducing poverty as well as strengthening incomes.

### 3.3 Management Weaknesses

The following observations are made.

Audit Observations	Recommendation	Comments of Accounting Officer
(a) Under the Gamperaliya accelerated rural development programme 2019, solar panels were installed at 23 religious places in the Attanagalla Divisional secretariat at a cost of Rs. 9,430,000. By January 2020, only one religious place was connected to the national grid to supply electricity from those solar panels.	Necessary arrangements should be made to connect to the national grid as soon as possible.	Due to the name of the present Chief Incumbent of the temple is not mentioned in the electricity bill, it took some time to change the name of electricity bill and the Ceylon Electricity Board had to carry out these tests on the days when there was electricity and technical issues such as need to control the increase in potential when connecting power supply to the solar system.

- (b) Out of 285 hectares of lands that were used illegally and harmfully in Divulapitiya Divisional Secretariat, about 140 hectares were not cultivated due to irrigation problems and it was identified that the lands were being misused due to capital problems, low yields and low crop density.
- Land should be used effectively by addressing the identified problems.
- Preparation of regional land use plans, which was started in 2009, is an island wide programme implemented by the Department of Land use policy planning. I informed that after identifying the land use issues of the relevant Divisional secretariat and discussing those issues with the responsible and authorized institutions, a plan was prepared for the division on 11.06.2015 at the Gampaha District land use planning office and handed over for further action.
- Do-
- (c) Large scale excavations had been carried out on Maoya related lands in the Divulapitiya Divisional Secretariat Division and major problems of informal land usage had been identified such as infertility of the area due to removal of surface soil and formation of large pits collecting water.
- Legal action should be taken against unauthorized soil removers.
- Over payments are being charged.
- (d) Due to non-compliance with the instructions and circulars of the Department of Pension and over payment of pensions due to miscalculations, a balance of Rs. 39,076,832 was due in 06 Divisional Secretariats at the end of year 2019.
- Need to take action to recover quickly.
- Although the retirees were informed to obtain required documents due to insufficient information about the retiree, a temporary file could not be prepared due to sufficient information was not provided.

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| (e) | It was observed that payments of pension were being paid to 21 persons in 03 Divisional Secretariats without any pension files.  | Necessary action should be taken to prepare the files expeditiously.   | The answers had not been submitted.   |
| (f) | According to the Public Administration Circular No .06/2006 dated 25 April 2006, there were 778 unrevised pension files in 04 Divisional Secretariats.   | Amendments should be made expeditiously.   | This double payment is made due to the Department of Pension entering the code with two numbers into the database.  |
| (g) | A retiree of the Ja-Ela Divisional secretariat had paid an additional Rs. 358,087 due to payment of double pension for the period of April to July 2015 and could not recover the extra payment due to this retiree had died in December 2015.                     | Identify the responsible parties for double payments and take action to recover from them.                   | Grama Niladharis have been informed to report immediately and take necessary disciplinary actions against who do not do so in future.   |
| (h) | Although the information should be reported to the Divisional Secretariat immediately to stop the payment after the death of retiree, there were 23 instances of non- compliance in the Ja-Ela and Mirigama Divisional Secretariats in the years of 2018 and 2019. | Should be taken disciplinary action against the responsible parties for delay and charge from those parties. | As this Sewa Piyasa has been constructed on a land owned by the Pradeshiya Sabha, a letter has been sent to the Pradeshiya Sabha inquiring about the agreement to obtain electricity, but no agreement has been reached so far. When approved, further work will be done. |
| (i) | The Sewa Piyasa building constructed in the Walpitamulla Grama Niladhari Division of Minuwangoda Divisional secretariat was renovated in 2015 at a cost of Rs. 300,000 but, by the end of year 2019 this building had been abandoned.                              | Need to complete infrastructure facilities and take action to use the building.                              | Out of the maximum allocation received, there was not enough money to supply water and electricity.   |
| (j) | The Mirigama Divisional Secretariat had built 11 Nila Sewana offices in the year 2017 and 8 officers in the year 2018. These offices were used for public relations officers such as Grama   | Obtaining provisions for hydro power facilities and taking necessary action to provide those facilities.     | Provisions were requested but not received.   |

(k) Niladharis, Development officers and Samurdhi officers. However, it was observed that there were no water and electricity facilities for the offices.

(l) The Mirigama Divisional secretariat had only laid the foundation of 7 Nila Sewana offices which commenced construction in the year 2018 and observed that wires were decaying and the area was overgrown with weeds.

Prior to commencement of construction, it should be ascertained whether there are adequate provisions for it and formal measures should be taken to protect the half - constructed buildings in the existing condition.

I will use it for productive purposes.

In the Divisional secretariat areas of Minuwangoda, Divulapitiya and Dompe, 11 schools had been closed before the year 2012 and had not been utilized for effective activities.

Should take action to take over the closed schools to the Divisional Secretary and use them for effective activities.

#### 4. Sustainable Development

##### 4.1 Progress in achieving the Sustainable Development Goals

#### Audit Observation

#### Recommendation

#### Comments of Accounting Officer

Rs. 5,227,396,892 had been utilized for 19 development projects that had been implemented to achieve the sustainable objectives and out of the 16 targets to be achieved in achieving each sustainable objective and achievement indicators, 04 targets have been achieved up to 49 percent at present. There were 09 targets

Action should be taken to achieve sustainable development goals for Sustainable Development in accordance with the circular provisions.

The answers had not been submitted.

with progress ranging from 50 percent to 74 percent and 03 targets with progress over 75 percent.

## 5. Human Resource Management

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### Audit Observation

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There were 434 vacancies and a surplus of 12 posts out of 3,266 approved employees in the Gampaha District Secretariat and Divisional Secretariats. Out of these 144 vacant Grama Niladhari posts in acting basis have been made for more than two years and it has not been possible to appoint permanent officers to fill them. As the result, it has potential to adversely affect the efficiency and effectiveness of services provided to the public.

### Recommendation

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Action should be taken to fill the relevant essential vacancies.

### Comments of Accounting Officer

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The answers had not been submitted.