

## **Head 275 – District Secretariat, Polonnaruwa**

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### **1. Financial Statements**

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#### **1.1 Qualified Opinion**

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The audit of the financial statement of the District Secretariat, Polonnaruwa for the year ended 31 December 2020 comprising the statement of financial position as at 31 December 2020 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, Polonnaruwa was issued to the Accounting Officer on 17 June 2021 in terms of Sub-section 11 (1) of the National Audit Act, No. 19 of 2018 and the Detailed Annual Management Audit Report in terms of Section 11 (2) of the National Audit Act was issued to the Accounting Officer on 20 May 2021. This report will be tabled in Parliament in pursuance of provisions in Article 154 (6) of the Constitution of the Democratic Socialist Republic of Sri Lanka to be read in conjunction with Section 10 of the National Audit Act, No. 19 of 2018.

In my opinion, except for the effects of the matters described in the Paragraph 1.6 of this report, the financial statements give a true and fair view of the financial position of the District Secretariat, Polonnaruwa as at 31 December 2020, 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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My opinion is qualified based on the matters described in the Paragraph 1.6 of this report. I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

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

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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 Accounting Officer determines 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.

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**

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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 the summary report of the Auditor General 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.
- In order to design audit procedures that are appropriate in the circumstances, an opinion on the effectiveness of the District Secretariat's internal control is not expressed.
- Evaluate the, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a fair and reasonable manner.
- In the overall presentation, structure and content of 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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I express the following matters in accordance with Section 6 (1) (d) of National Audit Act, No. 19 of 2018.

- (a) The financial statements presented were in consistent with the preceding year.
- (b) Recommendations made by me in the preceding year on the observations stated in Paragraph 1.6.2 (d) of this report had not been corrected even in the year under review.

## 1.6 Comments on Financial Statements

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### 1.6.1 Cash Flow Statement

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#### (a) Receipt of Revenue

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The following deficiencies were observed in accounting for the receipts of revenue relating to the District Secretariat.

<b>Audit Observation</b>	<b>Comments of the Accounting Officer</b>	<b>Recommendation</b>
----- Even though the net income collected by the District Secretariat for another head amounted to Rs. 334,209,868, it had been stated as Rs. 364,532,115 in the cash flow statement presented. Accordingly, cash flow generated from the operating activities had been overstated at Rs. 30,322,247.	----- Agreed.	----- Financial statements should be prepared in accordance with the prescribed instructions.

**(b) Recurrent Expenditure**

**Audit Observation**

**Comments of the Accounting Officer**

**Recommendation**

Although the expenditure incurred on other Objects amounted to Rs. 4,226,630,666, it had been stated as zero value in the financial statements presented and as such, cash flow spent on operating activities had been understated by that amount. As a result, the net cash flow generated from operating activities as well had been overstated by that amount.

Agreed.

Financial statements should be prepared in accordance with the instructions of the Treasury.

**1.6.2 Advance Accutnts Balances**

The following deficiencies were observed in accounting for the balance of the Advance Accounts as at the end of the year.

**Audit Observation**

**Comments of the Accounting Officer**

**Recommendation**

(a) It had been stated that there was a difference of Rs. 6,031,083 between the amounts in the Advances to Public Officers Account of the District Secretariat as per the Imprest Adjustment Account as at 31 December 2020 and the relevant Treasury printouts. Nevertheless, that difference was Rs. 5,875,544 according to the calculations.

Agreed.

The difference between the Advances to Public Officers Account and the Treasury printouts should be correctly adjusted in the Imprest Adjustment Account.

(b) As the advances provided by the Treasury for the purchase of paddy in the years 2000-2007 had not been settled, the loss amounting to Rs. 13,018,144 had not been included in the Statement of Losses and Waivers.

Agreed.

In terms of State Accounts Circular No.2/2020, all the losses and waivers under the F.R.113 should be stated in the financial statements.

(c) The difference of Rs. 3,071,101 shown in the values of books and the values financial statements in relation to the receipt of advance in the preceding year had not been corrected even in the financial statements of the year under review.

Not replied.

The values shown in the financial statements and the values in the books should be tallied to each other.

**2. Financial Review**

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**2.1 Imprest Management**

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<b>Audit Observation</b>	<b>Comments of the Accounting Officer</b>	<b>of the</b>	<b>Recommendation</b>
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The imprest requirement plan prepared for the year 2020 had not been furnished to Audit.	Agreed.		Imprest planning should be properly carried out.

**2.2 Assurance to be given by the Chief Accounting Officer/ Accounting Officer**

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<b>Audit Observation</b>	<b>Comments of the Accounting Officer</b>	<b>Recommendation</b>
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In terms of provisions in Section 38 of the National Audit Act No.19 of 2018, the Chief Accounting Officer and the Accounting Officer should ensure that an effective internal control system for the financial control is prepared and maintained in the District Secretariat and carry out periodic reviews to monitor the effectiveness of such systems and accordingly make any alterations as required for such systems to be effectively carried out. The review to be carried out by the Accounting Officer shall be in writing and copies of the same should be made available to the Auditor General. Nevertheless, the statement indicating that such a review had been carried out was not made available to audit.	Not replied.	Action should be taken in accordance with Section 38 of the National Audit Act No.19 of 2018.

## 2.3 Non-compliance with Laws, Rules and Regulations

Instances of non-compliance with laws, rules, and regulations observed at audit test checks are analyzed below.

Reference to Laws, Rules and Regulations	Value Rs.	Non-compliance	Comments of the Accounting Officer	Recommendation
(a) Establishments Code of the Democratic Socialist Republic of Sri Lanka				
(i) Sections 4.5 and 4.6 of Chapter xxiv	249,869	No action had been taken to recover the loan balances of Rs. 92,449 due from 03 officers who had vacated the service.	Agreed.	Action should be taken in accordance with provisions of the Establishments Code.
(ii) Sections 4.4 ,4.5 and 4.6 of Chapter xxiv	417,530	No action had been taken to recover the loan balances of Rs. 417,530 due from two deceased officers.	Action will be taken to recover the dues from the Death Gratuity and the Widows and Orphans' Pension Gratuity.	Action should be taken in accordance with provisions of the Establishments Code.
(iii) Section 4.6 of Chapter xxiv	408,048	Action had not been taken to recover a balance of Rs. 408,048 that remained recoverable for more than 10 years from an interdicted officer.	Action will be taken to institute a suit against the relevant officer.	Action should be taken in accordance with provisions of the Establishments Code.

(b)	Treasury Circular No.1/2018 of 19 March 2018.	-	Even though instructions have been given to take action to dispose of vehicles which cannot be operated, action had not been so taken in respect of 8 motor vehicles belonging to the District Secretariat which had been discarded from running.	Agreed.	Action should be taken in accordance with the circular.
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#### 2.4 Irregular Transactions

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The following observations are made.

##### **Audit Observation**

##### **Comments of the Accounting Officer**

##### **Recommendation**

(a)	A sum of Rs. 70,662,336 given to the District Development Fund from a sand project had been taken over by the Awakening Polonnaruwa Project and the expenses had been borne therefrom. The Coordinating Secretaries of the Minister of Mahaweli Development and Environment and the Minister of Defense had given written instructions for this purpose.	Only the name of the Awakening Polonnaruwa project has been used for this purpose and it has been informed that the instructions of the Coordinating Secretaries have been taken into consideration for all the programmes implemented in the district as per the instructions of His Excellency the President.	In terms of F.R 200, there shall be an adequate authority to spend government funds.
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- (b) Under Object No. 118-02-03-48-1409, the Polonnaruwa District Secretary had granted a loan of Rs. 206 million to the Polonnaruwa District Rice Producers' Co-operative Society Limited to purchase paddy from 26 March 2019 to 06 August 2019. However, Rs. 66.5 million of that amount had not been repaid as yet and Rs. 139.5 million had been recovered late.
- Relevant parties have been informed in writing from time to time to settle the payments before the expiry of 06 months as per the agreement.
- Action should be taken to recover the government-owned funds from the relevant parties without delay.

### 3. Operating Review

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#### 3.1 Planning

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Audit Observation	Comments of the Accounting Officer	Recommendation
----- (a) The work for the construction of a new four-storied building for the Polonnaruwa District Secretariat, which had been allocated provisions of Rs. 209,500,000 from the annual budget estimate, had not been identified in the Action Plan.	----- Agreed.	----- The Action Plan should be suitably amended.
(b) Four activities worth Rs. 5,810,000 which had not been included in the Action Plan had been implemented during the year.	Agreed.	-Do-



### 3.2 Failure to Achieve the Intended Outcome

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<b>Audit Observation</b>	<b>Comments of the Accounting Officer</b>	<b>Recommendation</b>
----- The buildings constructed under 4 projects at a cost of Rs. 500,000 in the year 2016/2017 remained unusable for 3 to 4 years as they were not fully completed.	----- The remaining work is expected to be completed in the future according to the provisions to be received.	----- Plans should be made to complete the constructions.

### 3.3 Delay in the execution of the projects

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<b>Audit Observation</b>	<b>Comments of the Accounting Officer</b>	<b>Recommendation</b>
----- The project to motor grading and constructing the drainage system of the roads in the Welikanda New Villages Section had been awarded to the Magulpokuna Bedum Ela Farmers' Association at a cost of Rs. 495,000. Although the project was scheduled to be completed by 18 September 2020 as per the agreement, the project had not been commenced even by 16 February 2021.	----- Work had been completed on 29 July 2020 and it has been reported that the road is overgrown with weeds and side drains have been filled due to rain.	----- Action should be taken in accordance with the agreements and the late fee due for the delay period should be recovered.

### 3.4 Projects without progress despite the release of funds

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The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) Of 29 Grama Shakthi People's Movement Societies established under the first phase in the Polonnaruwa district, 10 societies had been identified as being dysfunctional and a sum of Rs. 53,083,349 given to those dysfunctional societies by the Livelihood Development, Capacity Development, and Infrastructure Facility Development Funds had remained idle.	The Divisional Secretaries have been informed to dissolve the inactive Gramashakthi societies and take over the funds that remained idle.	Inactive societies should be maintained at the level of active societies and action should be taken to efficiently utilize the funds.
(b) A sum of Rs. 8,963,712 given to the active societies in the Grama Shakthi People's Movement for livelihood development, capacity development, and infrastructure facility development under the first phase had not been utilized during the year 2020.	It has been informed that the officers of the societies have been constantly instructed to obtain monthly progress and to conduct field inspections and utilize the funds.	Funds should be efficiently utilized and follow-up thereon should be carried out.
(c) Of 26 societies established under the second phase of the Grama Shakthi People's Movement, 23 societies had been identified as being inoperative and Rs. 9,374,289 given for the livelihood development, capacity development, and infrastructure facility development remained idle without being utilized.	It has been informed that action is being taken to dissolve the inactive societies and to take over all monies and assets granted by the Government.	Action should be taken to maintain the societies at the level of active societies and to utilize funds efficiently.

### 3.5 Procurements

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The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
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(a) Seven projects awarded to voluntary organizations on a direct contract basis by the Medirigiriya and Welikanda Divisional Secretariats under the “Sapiri Gamak” Community Based Rural Development Programme 2020, had been given to sub-contractors by those societies.	It has been informed that sub-contract has not been awarded.	It is confirmed by the written evidence that subcontracts have been awarded. Therefore, action should be taken in accordance with Public Finance Circular (iv) No. 01/2012 dated 05 January 2012.
(b) Water connection had not been provided for the Erige Oya drinking water supply project that had been implemented in Hingurakgoda under the Sapiri Gamak, 2019 programme and laying of pipes across a bridge had to be done with the permission of the Water Board for that purpose. Nevertheless, the Water Supply and Drainage Board had not been informed in this regard.	Requests have been made form the Water Board to provide water connection.	The project should be completed on the due date and the late fee should be recovered as per the agreement for the delay period.
(c) <b><u>Awakening Polonnaruwa Project</u></b>		
(i) The District Secretariat had purchased items at a higher price than the minimum price and as a result, an additional cost of Rs. 1,933,005 had to be incurred relating to 07 occasions.	The package system was a successful method and the bids submitted for the low quality items were removed from the sample test.	When entering the terms for the bidding documents, measure should be taken not to incur a cost disadvantage to the entity.

- (ii) Under the Awakening Polonnaruwa Programme, a sum of Rs. 453,830 had been spent to obtain electricity supply to the upper floor of the Minneriya bus stand, whereas electricity connection had not been received even by April 2021. Further, a sum of Rs. 472,204 had been overpaid than the constructions carried out in the canteen on the upper floor.
- The Pradeshishiya Sabha is responsible for obtaining electricity supply and the contractor has been informed to rectify the defects on the upper floor before the end of the warranty period. It has been informed to offset the overpayments against the retention money.
- Projects should be implemented in due standard and supervision, and action should be taken to recover the overpayments.
- (iii) Eleven items estimated at Rs. 1,276,161 of the project relating to the “Laksha Uyana Ranaviru Park” proposed to be constructed at a cost of Rs. 4,425,190 under the Awakening Polonnaruwa Programme had not been carried out. Further, a sum of Rs.347,089 had been overpaid than the physically available amount of construction works. Also, the Titanium net fixed at a cost of Rs. 470,611 had detached.
- According to the decisions taken in the discussions with the former President, the plans had to be changed from time to time and it has been instructed to recover the overpayments from the retention money. The contractor has been informed to rectify the defects prior to the expiry of the warranty period.
- Projects should be implemented in due standard and action should be taken to offset overpayments against the retention money and rectify the defects.
- (iv) In making payments for landscaping of the Polonnaruwa museum, overpayments of Rs. 783,915 had been made than the amounts physically available.
- It has been informed that since the final bill has been presented, action will be taken to rectify the defects and re-check the work.
- Payments should be made only for the correct amount of work completed.

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| <p>(v) As the ground of the Jayanthipura shopping complex which was handed over to the Hingurakgoda Pradeshiya Sabha on completion of the work at a cost of Rs. 30,231,506 under the Awakening Polonnaruwa Project had not been prepared and old shops had not been demolished, that building could not be used. It had been stated that the cost for the electricity supply was Rs. 2,381,860 and that price was valid up to 31 December 2020. Nevertheless, due to failure to obtain electricity supply up to 30 April 2021, the shopping complex could not be opened and the cost incurred thereon had become a fruitless expense.</p> | <p>Agreed.</p> | <p>Projects carried out using government funds should be completed in a usable condition.</p> |
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**3.6 Management Weaknesses**  
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The following observations are made.

<b>Audit Observation</b> -----	<b>Comments of the Accounting Officer</b> -----	<b>Recommendation</b> -----
<p>(a) A number of 996,223 kilograms of rice to be provided to the Government from the stocks of paddy given to paddy mill owners in the Thamankaduwa, Medirigiriya, Hingurakgoda, Elahera, and Welikanda Divisional Secretariats under the paddy purchasing programme for the 2019/2020 Maha season implemented with the Government mediation, had not been obtained.</p>	<p>The Elahera Divisional Secretary has stated that there is no risk to the Government as the rice owner is obliged to supply rice as per the agreement. The Tamankaduwa Divisional Secretary has informed that steps are being taken to obtain stocks of rice.</p>	<p>Expeditious action should be taken to obtain the stocks of rice to be received by the Government.</p>
<p>(b) <u>Supervision of development projects</u></p>		

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| (i)   | In the preparation of engineering estimates and making payments, the rates applicable to the year 2019 had been used without using the rates approved for the year 2020 and therefore, overpayments of Rs. 2,958,078 had to be made for 45 road development projects of Thamankaduwa, Lankapura, Medirigiriya and Welkanda Divisional Secretariat Divisions.                      | The Medirigiriya, Thamankaduwa and Lankapura Divisional Secretariats had informed that action would be taken to recover the overpayments as retention money had not been released. The Divisional Secretary, Welikanda has informed that a single rate was adopted as discrepancies would likely to be arisen due to using different rates for various sub-projects of the same project. | Payments should be made based on the prescribed rates and action should be taken to recover the overpayments from the relevant parties.    |
| (ii)  | The instruments and materials worth Rs. 656,310 distributed among 10 beneficiaries by the Hingurakgoda Divisional Secretariat in the year 2018 under the livelihood development programme had not been utilized and as such, the funds spent by the Government had become a fruitless expenses.   | It has been informed in writing that legal action will be taken against those 10 beneficiaries.  | Action should be taken to distribute items by identifying the suitable beneficiaries and constant follow up should be carried out thereon. |
| (iii) | As a result of non-implementation of the project by two schools selected by the Hingurakgoda Divisional Secretariat under the Solar Energy Supply Project as an alternative energy for home gardening, two solar powered water pump systems purchased at a cost of Rs. 166,500 for that purpose remained idle.  | It has been decided to use them for cultivation purposes of another school and the land of the Divisional Secretariat.   | Action should be taken to select the needy beneficiaries before making purchases.  |
| (iv)  | Although a personally owned land in the Elahera Divisional Secretariat Division had been demarcated considering as a government land and permits had been issued under the Land Development Ordinance on 26 April 2000, the District Court had returned a verdict on 28 September 2017 that the land belonged to the respective private owner. As a result, 8 recipients had lost | Another land has been proposed and the farmers have given their consent. Action will be taken to partition and distribute the lands after the receipt of the concurrence of the  | Formal action should be taken against the officials who partitioned a private land considering as a government land without due regards.   |

their lands and due to distribution of lands irrespective of the ownership of lands, the permitholders who developed the lands had become helpless.

Director General of Wildlife.

- (v) The items worth Rs. 229,955 provided for the dairy related project in the Magul Pokuna Division in the Welikanda Divisional Secretariat Division in the year 2019 remained idle due to non-implementation of the relevant project.
- Those have been inventoried until a new entrepreneur is selected and it has been informed that all the items are physically available in the stores.
- Action should be taken to identify suitable beneficiaries and implement the project expeditiously.
- (c) Although Rs. 64,345,000 had been spent from the Samurdhi Community Based Bank Societies of the Thamankaduwa, Welikanda and Medirigiriya Divisional Seretariat Divisions for the payment of Sahana Piyawara and Sahana Arunalu Allowances on the basis of reimbursement from the Department of Samurdhi Development, the above money had not been reimbursed from the the Department of Samurdhi Development.
- It has been informed that the above money has not been reimbursed although requests were made for the reimbursement.
- Action should be taken to get the money reimbursed from the Department of Samurdhi Development.
- (d) **Money Credited to the Polonnaruwa District Development Fund under the Manampitiya Sand Project.**
- (i) A sum of Rs. 37,981,776 credited to the Polonnaruwa District Development Fund by the Manampitiya Sand Project remained idle by 24 February 2021.
- It has been informed that a decision has been taken to take steps in accordance with the proposals of the District Development Committees to spend the money from this Fund as the expenditure incurred by this Fund has been regularly subject to audit queries.
- Money should be efficiently utilized so as to achieve the objectives of the establishment of District Development Fund.
- (ii) Although the aforementioned Fund had implemented a project to provide sanitation facilities to low income earners in Dimbulagala and Medirigiriya Divisional Secretariat Divisions in 2018 and 2019, as 58 beneficiaries had not completed the construction of
- Agreed.
- Appropriate needful beneficiaries should be selected.

toilets, an expenditure of Rs. 1,157,480 had become fruitless.

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| (iii) | The above fund had also provided 10 feet roofing sheets at 16 each to low income earners in 2018 and 2019 and 144 roofing sheets worth Rs. 257,328 had not been utilized by 09 beneficiaries in Elahera, Hingurakgoda and Thamankaduwa Divisional Secretariat Divisions.\   | Beneficiaries who have not roofed their sheets have informed that they will roof their sheets in the future.  | Appropriate needful beneficiaries should be correctly selected.  |
| (iv)  | One hundred and eighty five roofing sheets worth Rs. 330,595 purchased by the Dimbulagala, Medirigiriya, Welikanda, Hingurakgoda and Thamankaduwa Divisional Secretariats for distribution under the above project had been damaged and no action had been taken to obtain new roofing sheets for those damaged sheets. | It has been informed that action will be taken to distribute new roofing sheets in place of the damaged sheets immediately after the receipt of new sheets. | Care should be exercised on the due standard in making purchases and action should be taken to obtain new roofing sheets in place of the damaged sheets from the relevant institution. |
| (e)   | <u>Conduct of Land Kachcheries</u>  |   |  |
| (i)   | For 62 land kachcheries conducted by the Medirigiriya, Thamankaduwa, Lankapura and Hingurakgoda Divisional Secretariats during the years 2017 to 2020, objections for original lists had been called for with a delay from 12 to 365 days.  | It has been informed that instructions have been given to complete those works forthwith.   | Action should be taken in accordance with Paragraph 13.3 (f) of the Land Commissioner's Circular No. 2018/04 dated 20 August 2018.   |
| (ii)  | Having conducted Land Kachcheries for the beneficiaries in Kiriya Division in Elahera Divisional Secretariat Division, 476 permits and 224 Grants had been issued. Subsequently, the land owners had legally and illegally alienated those lands to various persons and such lands had been used for gem mining.        | It has been informed that instructions have been given to cancel the alienated permits and take over the alienated Grants to the Government .               | Action should be taken to cancel the permits that have been alienated.   |
| (iii) | Although the Medirigiriya, Thamankaduwa, Lankapura and Hingurakgoda Divisional Secretariats had sent 2,314 survey requests during the period from 2018 to 2020 for the lands of the central government, only 1,139 of those requests had been received by 31 December 2020.   | It has been informed that land inspections cannot be carried out due to COVID- 19 pandemic and the Lankapura and  | Action should be taken to obtain survey requests without delay.  |



other Divisional Secretariats will have discussions with the Survey Department to prevent the delay.

(iv) No action had been taken to provide transfer certificates and deeds of sacred premises relating to 277 government institutions, schools, local government institutions and temples of the Medirigiriya and Hingurakgoda Divisional Secretariats. Agreed. Action should be taken to issue transfer certificates and deeds of sacred premises.

(v) The Medirigiriya Divisional Secretariat had not taken steps to provide 15 Grants owned by the central government to the beneficiaries during a period ranging from 01 to 3 ½ years. It has been informed that the Grants could not be provided due to the election activities and COVID- 19 pandemic. Action should be taken to provide the Grants to the beneficiaries expeditiously.

**(f) Weaknesses in the payment of pension**

**(i) Divisional Secretariat, Dimbulagala.**

As the pension of a retired officer had been misappropriated by one of his relatives, a sum of Rs. 49,000 was further remained recoverable from that person. Similarly, action had not been taken against the relevant Grama Niladhari for not providing updated information.

It has been informed that remainders have been sent informing to pay the dues.

Action should be taken expeditiously to recover the relevant arrears and proper action should be taken in respect of the responsible officers.

**(ii) Divisional Secretariat, Elahera**

- The pension and subsistence allowance to be received by the wife and the daughter of an officer who was killed in action on 23 December 2008 had not been paid as yet despite lapse of 12 years from the death of the beneficiary.

It has been informed that action will be taken to make payments immediately after the receipt of clarifications from the Department of Pensions.

Action should be taken to pay pension to the beneficiaries without delay.

- The pension and subsistence allowance paid to the widower of a pensioner had been halted from May 2016 as she had again got married and the pension and subsistence allowance to be received by the child had not been paid from 04 years.

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Action should be taken to pay pension and subsistence allowance to the beneficiaries without delay.

**(iii) Divisional Secretariat, Lankapura**

Action had not been taken to recover the over payment of cost of living allowances amounting to Rs. 207,975 made by the Lankapura Divisional Secretariat to a pensioner.

It has been informed that requests have been made from the Department of Pensions to determine the number of installments to make the relevant recoveries in installments.

Action should be taken to recover the over payments.

**(iv) Divisional Secretariat, Hingurakgoda**

- Although pension of the pensioners and the widowers' and orphans' beneficiaries should be revised as per the budget proposal 14/2019, pension of 30 pensioners had not been revised due to the lack of identities and details in the files.
- Pensions of the deceased pensioners had been sent to the banks without the knowledge of their death and accordingly, Rs. 193,136 so paid in respect of 04 persons had not been taken from the relevant bank even by 11 May 2021 and no action whatsoever had been taken against the officers who had not given due regards on their responsibilities.

It has been informed that the pensioners have been made aware of it.

Necessary action should be taken to revise the pension without delay.

- (g) As the files of 23 officers who had been transferred to the Dimbulagala and Elahera Divisional Secretariats and the Polonnaruwa District Secretariat had not been brought, their salary revisions had not been made and increments had not been granted.

The banks have been informed in this regard. It has been notified that delays has occurred in sending money as the loan installments of the bank have been recovered from the pension.

Action should be taken against the officers who failed to inform the deaths of the pensioners and to recover the loss suffered by the Government.

It has been informed that relevant files have not been received although it was notified that the personal files would be updated and sent.

Action should be taken in accordance with the Circular.

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| (h) | Samurdhi Officers of the Elahera Divisional Secretariat had committed a financial fraud totaled Rs. 2,428,067 and it had been accepted according to the disciplinary inquiry report that they had committed a fraud coming under the first schedule. Nevertheless, the Director General of the Department of Samurdhi Development had reinstated those officers while determining that they had committed a fraud coming under the second schedule and action had not been taken to recover the loss incurred. | These officers have been reinstated subject to the final decision of the Disciplinary Authority. It has been stated that there is no indication about recovery of the loss.  | Action should be taken to recover the money relating to the financial frauds coming under the first and second schedules that may be committed by the public officers. |
| (i) | When paying compensation for wild elephant damage, no compensation had thus been paid for the damage caused to the property of 71 persons due to delays in the submission of reports by the Wildlife Office, non-submission of reports by the Grama Niladharis, delays in the submission of reports and delays in the receipt of funds for the payment of compensation.  | Accepted.  | Payment of compensation for the damages caused by wild elephants should be expedited.  |
| (j) | No action had been taken to recover the arrears of tax amounting to Rs. 7,533,660 due from 44 persons who own Central Government lands in the jurisdiction of Medirigiriya, Tamankaduwa, Elahera and Hingurakgoda Divisional Secretariat Divisions.  | The Medirigiriya Divisional Secretariat has requested the Commissioner General of Lands to cancel the lease. It has been informed that the Hingurakgoda, Tamankaduwa and Elahera Divisional Secretariats have instructed the officials to collect taxes and inquired into the possibility of obtaining tax relief. | Action should be taken to recover the arrears of tax on the due date.  |
| (k) | As necessary activities had not been carried out in an   | It has been informed that  | Action should be   |

updated manner in regard to 67 blocks of land comprising 1.6564 hectares acquired from the Thamankaduwa Divisional Secretariat Division under the Awakening Polonnaruwa Road Development Programme in the years 2017 and 2019, compensation had not been paid to the relevant land owners. As a result, the government may have to bear an additional cost with 7 per cent interest annually in the future for the payments relating to the period of delay.

a considerable time is taken for the compensation payment process and the necessary arrangements are being made.

taken to minimize the loss to the government by paying compensation expeditiously.

- (l) As necessary activities had not been carried out in an updated manner in regard to 0.97 hectares of land acquired during the period 1984-2011 for development projects and constructions of government institutions in the Hingurakgoda Divisional Secretariat Division, relevant landowners had not been compensations. As a result of having to pay money with 7 per cent interest annually for period of delay, the government had to bear the additional cost and landowners were unable to receive compensation during their lifetime.
- It has been stated that this situation has arisen due to the inability to find the boundaries due to the clearing of lands by the Air Force on urgent needs.
- Action should be taken to minimize the loss to the government by paying compensation expeditiously.
- (m) Due to the failure of the garment related small scale industrial development programme implemented in the Lankapura Divisional Secretariat Divisions, 15 items and a stock of equipment removed from those factories remained idle for nearly 02 years.
- It has been informed that arrangements are being made to resume the relevant industry.
- Suitable steps should be taken to use the items effectively.
- (n) Use of buildings**
- (i) A government quarter belonging to the National Housing Development Authority had been demolished without the formal approval of the Ministry of Home Affairs to construct the new building of the Elahera Divisional Secretariat and a sum of Rs. 142,510 payable to the National Housing Development Authority for that official quarters had not been paid.
- It has been informed that written requests have been made seeking approval.
- The buildings should be demolished after obtaining the due approval and payments should be settled in consultation with the Housing Development Authority.
- (ii) Action had not been taken to recover the water bill charges of Rs. 55,165 payable from 18/2/2016 to
- It has been informed that the Department where the
- Action should be taken to recover the

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|---|---|--|
| 15/03/2018 at the guardhouse belonging to grade iii of the Medirigiriya Divisional Secretariat from the relevant parties and settle them.   | officer is currently working has been informed to recover the dues from his salary and send it.                                       | dues from the relevant officer.  |
| (iii) Thirteen service centres of Medirigiriya Divisional Secretariat have been reserved for Agricultural Research and Production Assistants from the year 2019 and those spaces remained idle due to not using.  | It has been informed that the service centres cannot be used as the required office equipment has not been provided.                  | Assets should be properly used.  |
| (iv) A retired Technical Officer had been residing in an official quarter of the District Secretariat for 32 years beyond the contracted period, whereas no action had been taken to recover the penalty on rent of Rs. 242,310 and to recover the possession of the quarter. | It has been informed that orders will be obtained to recover the possession by filing a case for that purpose.                        | Action should be taken to recover the possession of the quarter to the District Seretariat and charge the penalty on rent. |
| (v) Motor Vehicle Inspectors had been residing in a government quarter belonging to the District Secretariat from 2014 to May 2020 and no action had been taken to identify and recover the arrears of rent due from them.  | It has been informed that the rent is charged from a motor vehicle inspector who is currently residing.                               | Action should be taken to identify and recover the arrears due.  |
| (vi) The Minneriya bus stand constructed at a cost of Rs. 36,807,189 under the Awakening Polonnaruwa Project had been handed over to the Hingurakgoda Pradeshiya Sabha on 05 November 2019 and its upper floor remained idle for more than a period of year and a half.       | Maintenance works are carried out by the Hingurakgoda Pradeshiya Sabha and it has been informed to take action to utilize the stalls. | Assets built with the use of government funds should be efficiently used.  |
| (vii) Even though part of the building belonging to the Lankapura Divisional Secretariat had been leased out on 30 May 1998 for a period of 03 years to maintain a  | It has been informed that the agreement papers have been handed over to   | Action should be taken to extend the contracts in a timely   |

branch of the People's Bank, the period of agreement had not been extended even by 31 December 2020. An assessed rent of Rs. 4,000 per month was being charged for a period of more than 10 years from August 2010 to December 2020 and it had been re-assessed as Rs. 15,000 from October 2019. Nevertheless, action had not been taken to recover that rent.

the People's Banks to enter into a contract for the valuation of Rs. 15,000 in a manner and recover the estimated rent.

#### 4. Good Governance

##### 4.1 Fulfilling services to the public

The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
<p>(a) In pursuance of Paragraph 3 of the Circular No. 6/2020 dated 20 February 2020 of the Secretary to the Ministry of Public Administration, Home Affairs and Provincial Councils and Local Government, recruitments had been made as Multipurpose Development Assistants to the Divisional Secretariats by conducting interviews at the Grama Niladhari Division level based on 10 criteria. However, as the candidates with the lowest marks and the candidates with the zero marks had been selected despite the existence of high scorers in the divisions, the recruitments had not taken place systematically.</p>	<p>It has been informed that the appointments and selection process was carried out by the Department of Multi-Purpose Development Task Force.</p>	<p>Action should be taken in a manner that ensures transparency to meet the primary objective of the Government Programme to provide hundred thousand employments.</p>
<p>(b) In the recruitment of Multipurpose Development Assistants, low-income levels had not been taken into account disregarding the objectives of the programme. It was</p>	<p>It has been informed that the candidates were interviewed and listed in the order of poverty and sent to the Department of Multi-</p>	<p>Appointments should be made to the most suitable individuals with transparency.</p>

observed according to the information and interview results obtained from the Grama Niladhari and the divisions that employments as as Multipurpose Development Assistants had been granted to the families with unmarried members, those who were employed in government or semi-government and owned paddy lands, to the families with the members engaged in foreign employments and those who have property such as motor vehicles.

Purpose Development Task Force and that the selection and making appointments were done by that department.

**5. Human Resource Management**  
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**Audit Observation**

**Comments of the Accounting Officer**

**Recommendation**

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There were 12 vacancies of the senior-level posts and 227 vacancies in other staff of the District Secretariat and the Divisional Secretariats.

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Accepted.

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Action should be taken to recruit the necessary staff.