

Head-277- District Secretariat, Monaragala

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the District Secretariat, Monaragala 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 containing my comments and observations on the financial statements of the District Secretariat, Monaragala was issued to the Accounting Officer on 23 June 2021 in terms of Section 11 (1) of the National Audit Act No. 19 of 2018. The Annual Detailed Management Audit Report relevant to the District Secretariat, Monaragala was issued to the Accounting Officer on 07 May 2021 in terms of Section 11 (2) of the National Audit Act No. 19 of 2018. This report will be tabled in Parliament in pursuance of provisions in Article 154 (6) of the Constitution to be read in conjunction with Section 10 of the National Audit Act, No.19 of 2018.

In my opinion, except for the effects of the matters described in the Paragraph 1.6 of this report, the accompanying financial statements give a true and fair view of the financial position of the District Secretariat, Monaragala as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

1.2 Basis for Qualified Opinion

My opinion is qualified based on the matters stated in Paragraph 1.6 of this report. I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

1.3 Responsibility of the Accounting Officer for the Financial Statements

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

As per Section 16(1) of the National Audit Act No. 19 of 2018, the District Secretariat, Monaragala 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 systems and accordingly make any alterations as required for such systems to be effectively carried out.

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District Secretariat's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Accounting Officer regarding, 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 and Regulatory Requirements

I express the following matters in accordance with Section 6 (1) (d) of National Audit Act, No. 19 of 2018.

- (a) The financial statements were consistent with the preceding year.
- (b) The recommendations made by me with regard to the financial statements of the preceding year had been implemented.

1.6 Comment on the Financial Statements

1.6.1 Statement of Financial Performance

1.6.1.1 Non-Revenue receipts

Audit Observation

A sum of Rs. 81,000,000 remitted to the Treasury during the year under review had not been adjusted to Rs. 2,708,423,261 stated as Treasury Imprest receipts in the statement of financial performance during the year under review and as such, balance of the Imprest Account had been overstated by Rs. 81,000,000.

Comment of the Accounting Officer

According to Form ACA 3, the receipt of imprest is Rs. 2,708,423,261. Accordingly, that imprest had been included as the receipt of imprests in the statement of financial performance. Further, according to the guidance given for the preparation of financial statements, it is informed that instructions have not been given to include the net cash flow.

Recommendation

According to the Guideline No. 06 of the Department of State Account with regard to the preparation of financial statements, notes should be included in the Imprest Adjustment Account.

1.6.1.2 Receipt of Deposits

Audit Observation

Although receipt of deposits was Rs. 379,873,089 according to the Treasury computer printouts, it had been stated as Rs. 379,912,654 in the statement of financial performance and cash flow statement thus overstating by Rs. 39,565.

Comment of the Accounting Officer

Observation is accepted. The balance has been included in the financial statements as per the departmental book.

Recommendation

Financial statements should be prepared in accordance with the Public Finance Circular No.02/2020 dated 28 August 2020.

1.6.1.3 Recurrent Expenditure

Audit Observation

An expenditure of Rs. 20,515 pertaining to servicing of a Cab to be brought to account under the Vehicle Maintenance Object No. 277-01-02-0-1301 had been brought to account under the Capital Assets Improvement (Vehicle) Object No. 277-01-01-0-2003 by the Sevanagala Divisional Secretariat.

Comment of the Accounting Officer

Observation is accepted. Instructions were given to prevent these types of mistakes.

Recommendation

In terms of Financial Regulations, Objects should be categorized and accounted for according to the standardization.

1.6.1.4 Capital Expenditure

Audit Observation	Comment of the Accounting Officer	Recommendation
<p>Sums totaling Rs. 1,827,711 to be brought to account under the Building and Constructions Object No.277-1-1-0-2104 had been brought to account under the Expenditure on Capital Assets Acquisition and Capital Assets Rehabilitation and Improvement Object No. 277-1-1-0-2001 by the District Secretariat and Wellaway and Bibila Divisional Secretariats. As a result, value of Property, Plant and Equipment and the value of Property, Plant and Equipment reserves had been understated by Rs. 1,827,711 and the expenditure on capital assets rehabilitation and improvement had been overstated by Rs. 1,827,711.</p>	<p>Only very limited provision had been allocated by the budget 2020 for acquiring capital assets . However, as estimates had been prepared for this construction during the year and it was an essential work, it has been brought to account under the Object of capital assets improvement. Action will be taken to account for the value of these constructions to the value of property, plant and equipment.</p>	<p>In terms of Financial Regulations, Objects should be categorized and accounted for according to the standardization.</p>

1.6.1.5 Payment of Deposits

Audit Observation	Comment of the Accounting Officer	Recommendation
<p>Although payment of deposits was Rs. 424,206,191 according to the Treasury computer printouts, it had been stated as Rs. 424,242,767 in the statement of financial performance and cash flow statement thus overstating by Rs. 36,576.</p>	<p>Observation is accepted. The balance has been included in the financial statements as per the departmental book.</p>	<p>Financial statements should be prepared in accordance with the Public Finance Circular No.02/2020 dated 28 August 2020.</p>

1.6.2 Statement of Financial Position

1.6.2.1 Non-financial Assets

The following observations are made.

Audit Observation	Comment of the Accounting Officer	Recommendation
(a) A difference of Rs. 4,000,000 was observed between the balances of items of buildings which were non the homes, plant and machinery and office buildings (work-in-progress) as at 31 December of the preceding year and the opening balances of the year under review in the statement of non-financial assets.	Adjustments made by the Department of State Accounts and two Divisional Secretariats have attributed to the difference.	Detailed schedules should be submitted to confirm the opening balances.
(b) Even though Rs. 952,988 had been stated as the work-in-progress as at 01 January and 31 December 2020 under the other non-financial assets in the statement of non-financial assets, there was no such Object of work-in-progress.	This value had been added to the value of buildings that were not homes, in March 2021.	Accurate value of the assets should be brought to account.

1.6.2.2 Advance Accounts Balances

The following observations are made.

Audit Observation	Comment of the Accounting Officer	Recommendation
(a) When comparing Treasury computer printouts with the departmental books, the opening balance of the Advances to Public Officers Account for the year was Rs.100,222,914 as per the Treasury printouts, it was Rs.99,938,116 according to the departmental books, thus observing a difference of Rs.284,798.	The existence of an erroneous debit balance of Rs.2,700 made by the Divisional Secretariat, Buttala and an erroneous credit balance of Rs. 287,497 made by the Zonal Education Office, Wellawaya had given rise to the difference in the opening balance. That difference will not be taken effect in the future.	The balances of the departmental books and Treasury books should be tallied.

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| (b) The total loan balance due from officers who had died, been interdicted and those who had vacated the service amounted to Rs. 2,688,119 and Rs. 1,957,679 of that amount remained outstanding for more than five years. | Observation is accepted. | Action should be taken to recover the outstanding balances. |
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2. Financial Review

2.1 Expenditure Management

Audit Observation

Comment of the Accounting Officer Recommendation

In transferring provisions as per Financial Regulations 66 and 69, actual necessity should be identified. Nevertheless, due to not taking action accordingly, savings of the provisions transferred to 07 Objects were observed ranging from 4.7 per cent to 28.7 per cent

Although savings were observed at the end of the year relating to the Objects transferred under the F.R.66 in terms of total provisions allocated by the budget for the Head 277, savings were not shown in the Objects transferred in the Project No.2. That is, the Divisional Secretariats had totally used the provisions.

Provisions should be transferred by identifying actual requirements.

2.2 Liabilities and Commitments

The following observations are made.

Audit Observation

Comment of the Accounting Officer Recommendation

(a) In terms of Financial Regulations 94 (1), no expenditure or commitment shall be incurred by any department for work, service or supply, unless financial provision exists therefore in the Annual Estimates. Nevertheless, the District Secretariat had incurred liabilities of Rs. 1,290,286 exceeding the provisions saved relating to 06 Objects as at the end of the year under review.

As in F.R.94 (ii), an entity may, for annually recurrent services or supplies, incur a commitment which will fall due to be discharged in the ensuing financial year, provided that it does not exceed 50 per cent of the average provision during the previous three financial years. Accordingly, it is informed that commitments have been incurred in a manner not to

According to the provisions in the Financial Regulations, Commitments should not be incurred in excess of the provisions.

exceed 50 per cent of the provisions made for the 03 preceding financial years.

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| (b) Expenditure of Rs. 20,084 that remained payable as at the end of the year under review had not been included in the Record of Liability submitted under Note No, (iv) along with the financial statements. | Observation is accepted. Bills of the Water Supply and Drainage Board and the Sri Lanka Telecom have not been included. Officers in charge of the subjects were advised to prevent these types of errors in the future. | Financial statements should be submitted in accordance with the instructions of the Department of State Accounts. |
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2.3 Utilization of Provisions Made by Other Ministries and Departments

The following observations are made

Audit Observation	Comment of the Accounting Officer	Recommendation
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(a) Presidential Secretariat		

(i) It was observed that out of the funds granted to 11 Divisional Secretariats under the Grama Shakthi People's Movement implemented in Monaragala District in the years 2018 and 2019, a sum of Rs. 77,691,659 had been retained idle for over one year in 125 bank accounts maintained in favour of the Grama Shakthi Societies as at 31 December of the year under review.	The State Ministry of Samurdhi, Household Economy, Micro Finance, Self Employment and Business Development has, by its letter dated 03 February 2021, informed all the District Secretaries on the steps to be taken in this regard and further action will be taken accordingly.	Action should be taken to effectively use the allocated funds.
(ii) Out of the loans granted under the revolving loan scheme in the year 2019 by 07 Divisional Secretariats in the implementation of livelihood development programmes under the first phase of the Grama Shakthi People's Movement, a sum of Rs. 8,361,836 remained outstanding even as at 31 December of the year under review.	Action will be taken to recover the outstanding loan balances once the accounting process is initiated by the relevant societies.	Outstanding loan balances should be recovered without delay.

(b) **Ministry of Public Administration,
Disaster Management and Rural
Economic Affairs.**

Gardening tools worth Rs. 3,299,523 purchased by the District Secretariat in September 2019 for the Divisional Secretariats, Monaragala and Badalkumbura to implement the horticulture project with the use of financial provisions, 2019 had not been distributed among the beneficiaries even by 27 November 2020.

A certain number of gardening tools sets have already been distributed and action will be taken to distribute the remaining sets among the beneficiaries after the alleviation of the prevailing Covid -19 situation.

Action should be taken to distribute the tools as effectively as possible to achieve the objectives of the project.

2.4 Non-compliance with Laws, Rules and Regulations

The following observations are made.

Reference to Laws, Rules and Regulations	Amount	Non-compliance	Comment of the Accounting Officer	Recommendation
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	Rs.			
(a) Section 16 (1) and (2) of the Water Resources Board Act No.29 of 1964 and Section 89 of the Agrarian Development Act, No.46 of 2000 as amended by the Act No.46 of 2011.	2,330,000	In the construction of a tube well by the Divisional Secretariat, Siyambalanduwa under the Grama Shakthi People's Movement and in the construction of 04 Agrarian Wells by the Agrarian Well Construction Project under the programme for the "Development of Infrastructure Facilities in Rural Villages" by the Divisional Secretariat, Monaragala, prior approval of the Commissioner General of Agrarian Development and the Water Resources Board had not been obtained for that purpose.	Observation is accepted. The Divisional Secretary has informed that action will be taken to correct the errors in future development activities.	Relevant approval should be obtained before the constructions as per the provisions of the Act.

(b)	Section 5.2.3 of Chapter XIX of the Establishments Code of the Democratic Socialist Republic of Sri Lanka.	312,325	Although it has been stated that economic rent of the chummeries should be recovered in equal installments from each officer residing therein, economic rent recoverable from the male and female chummeries of the Monaragala District from the year 2016 to December of the year under review had been recovered less than the due amount.	As there are issues in the recovery of economic rent for the chummeries, request has been made to the Department of Valuation to carry out a new assessment in terms of number of rooms or number of persons who can reside therein.	Arrears should be recovered in accordance with the assessment report.
(c)	Financial Regulation of the Democratic Socialist Republic of Sri Lanka. -----				
(i)	Financial Regulation 396	375,470	Action had not been taken according to the Financial Regulations with respect to 06 cheques that had elapsed over 06 months from their issuance, but not submitted for payments by the Divisional Secretariats, Sewanagala, Madulla, and Bibila.	Observation is accepted. It has been informed that prompt action would be taken regarding these cheques.	Action should be taken according to the Financial Regulations in respect of lapsed cheques
(ii)	Financial Regulation 449(2)(b)	1,013,882	Provision of Rs. 4,750,000 had been allocated under the Object No. 130-0-02-07-2509 for the implementation of horticulture project with the use of financial provisions, 2019 of the Ministry of Public Administration, Disaster Management and Rural Economic Affairs.	Observations are accepted. Additional provisions were needed to purchase tools and planting materials. Accordingly, the ministry was informed to	No expenditure should be incurred exceeding the limit of provisions without prior approval.

Nevertheless, the District Secretariat, Monaragala had spent Rs. 5,763,882 thereon and accordingly, District Secretariat had spent Rs. 1,013,882 without prior approval.

provide that money by the letter dated 16 November 2019 and since there were provisions remained under the Object, action was taken to settle the expenditure.

(iii) Financial Regulation 571(3)	9,230,126	Deposits and contract retention money temporary retained in 06 deposit accounts of the Monaragala District Secretariat for refunding to a third party and lapsed for 02 to 05 years as at 31 December of the year under review had not been refunded or credited to the Revenue in terms of Financial Regulations.	Observation is accepted. Action will be taken accordingly in the future. A part of the balance of contract retention money has been disposed of. The officers concerned have been instructed to settle the remaining balances according to the imprests received from the Treasury.	Action should be taken according to the Financial Regulations in respect of lapsed deposits.
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3. Operating Reviews

3.1 Planning

Audit Observation

The particulars such as the updated organizational structure of the institute, approved cadre and the actual cadre, imprest requirement plan for the annual activities, annual procurement plan relating to the scheduled major development programmes and the internal audit plan to be included in the Action Plan in terms of Public Finance Circular No.01/2014 dated 17 February 2014 had not been included in the Action Plan prepared by the District Secretariat, Monaragala for the year under review.

Comment of the Accounting Officer

It is informed that the Annual Action Plan will be prepared by rectifying the shortcomings pointed out by the audit in the future.

Recommendation

Annual Action Plan should be prepared in accordance with the circular provisions and guidelines.

3.2 Failure to receive expected benefits

The following observations are made.

Audit Observation

(a) The District Secretariat, Monaragala had entered into an agreement worth Rs. 8,700,000 for the installation of a solar panel system under the Pothukolapitiya Anicut Restoration Project and an agreement worth Rs. 1,080,309 for the construction of agrarian well, pump house, and irrigation canal system under the provisions, 2019 of the Disaster Management Centre and paid Rs. 8,700,000 for the installation of solar panel. Although constructions of canals should have been completed by 10 September 2019, those constructions had not been carried out even by 14 September 2020, and accordingly expected benefits of the project could not be achieved. Further, due to not taking

Comment of the Accounting Officer

Due to the delay in receiving funds for the project and non-receipt of adequate amount of funds to settle payments for completed works, constructions have been delayed.

Recommendation

Estimated works should be completed within the agreed timeline.

steps to safeguard the solar panel system, two of the ninety panels installed had been damaged.

- (b) The District Secretariat, Monaragala had spent Rs. 4,916,581 for the restoration of Siyambalanduwa Karammada Tank under the Small Tank Restoration Project, 2019 of the Ministry of Public Administration and Disaster Management. It was observed that the tank had not been used after completion of the constructions and therefore the money spent thereon had become a fruitless expenditure and further, the objective of cultivating 50 acres of paddy lands by expected 20 beneficiary families through the restoration of this tank had not been achieved.
- The Divisional Secretary has been informed to discuss that project proposal at the Regional Agriculture Committee and to take measures to achieve the objectives.
- Funds should be effectively used and expected objectives should be achieved.
- (c) Having prepared a cost estimate of Rs. 2,019,484,413 for the Monaragala District Sports Complex Project by the Monaragala District Planning Secretariat in 2019, a sum of Rs. 13,389,919 had been spent thereon by 14 October 2020 with the use of provisions of the Sports Development Department and constructions of the project had been abandoned following the month of October 2019.
- Observation is accepted. As necessary funds could not be obtained to carry out the works of this project, it has been discontinued at present and therefore, there is no possibility to use the sports complex in its full capacity.
- Action should be taken to achieve the expected objectives of the project.
- (d) The Divisional Secretariat, Madulla had paid Rs. 500,000 to a beneficiary in order to construct an agrarian well. Due to a rock found in the excavation, the work had been abandoned halfway. Accordingly, it was observed that the expected objective to supply water to the cultivation activities during the absence of rains had not been achieved.
- The Divisional Secretary had informed that necessary steps would be taken to instruct and persuade the beneficiary to break the rock so that water can be obtained during the severe droughts.
- Funds allocated for development activities should be used effectively.

3.3 Abandonment of Projects Without Completion

The following observations are made.

Audit Observation	Comment of the Accounting Officer	Recommendation
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<p>(a) Under the Uva Wellassa Physical and Human Resource Development Programme and Reconstruction of Small Tanks and Anicuts Project of the Ministry of Public Administration and Disaster Management, the District Secretariat had reached an agreement worth Rs. 7,796,030 on 27 September 2019 to complete the Yabarattawa Tank reconstruction project within 60 days and Rs. 950,609 had been paid to the contractor. It was observed that the estimated work of Rs. 6,739,789 had not been completed even as at 07 October 2020 and the construction work had been abandoned and accordingly, the money spent had also become a fruitless expenditure. Further, the performance security of Rs.389,802 provided by the Contractor under Guideline 5.4.8 (a) of the Government Procurement Guidelines 2006 had expired on 25December 2019, but it had not been extended even though the project had not been completed.</p>	<p>It is informed that the construction work of this irrigation industry was commenced under the Gamperaliya Development Program and has been halted halfway due to not receiving sufficient funds. The performance security period has not been extended as work on the project has not been resumed.</p>	<p>Estimated work should be completed within the agreed period.</p>
<p>(b) The Buttala Divisional Secretariat has approved provisions for the construction of 11 agricultural wells in the year 2019 under the Infrastructure Development in the Remote Villages Project using the financial provisions of the Ministry of Public Administration, Disaster Management and Livestock Development. As at 31 December 2019, only 4 beneficiaries had completed the construction work up to the digging and constructing walls of agricultural wells and only the first installment had been paid to two of the beneficiaries and the first and second installments had been paid to the remaining two beneficiaries. It was</p>	<p>It is informed that this project which was implemented under the Ministry of Public Administration Disaster Management and Livestock Development could not be implemented as provisions were not granted again for the project.</p>	<p>The funds allocated for the project should be utilized effectively and the project should be monitored continuously.</p>

observed that these beneficiaries had also abandoned the construction work of agricultural wells by 09 December 2020.

3.4 Projects Executed by Local Funds

The following observations are made.

Audit Observation	Comment of the Accounting Officer	Recommendation
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(a) Relating to the performance of less work out of the work to be done on projects implemented by the Monaragala District Secretariat and 04 Divisional Secretariats, use of inapplicable price rates, non-compliance with instructions of the Highway Schedule of Rates, making overpayment for completed work , non-preparation of the estimates in favour of the Government and non-recovery of liquidated damages, a total of Rs. 7,472,044 had been overpaid to the contractors and a sum of Rs. 4,524,460 was further remained recoverable relating to the District Secretariat, Monaragala and the Divisional Secretariats of Monaragala, Buttala and Siyambalanduwa.	Details and explanations of the recovery of charges related to these projects have been provided.	The preparation of estimates and payment reports should be carried out correctly and responsibly and the overpaid balance should be recovered.
(b) For the development of the road leading to Pareyan Ella under the Kandyan Heritage Protection and Development Programme by utilizing the financial allocations of the Ministry of Public Enterprises, Kandyan Heritage and Kandy Development, the District Secretariat had prepared a payment report of Rs. 2,434,035 and paid a share of Rs. 1,376,704. It was observed that Rs. 79,059 had been estimated for filling the road shoulders on both sides of the road, whereas that work had not been carried out and further, this work was a very essential task to be done.	It is informed that plans have been drawn to get this work done before the release of retention money.	Payments should be made after confirming that estimated works have been properly done according to the estimates.

- (c) A total cost estimate of Rs. 49,310,900 had prepared for the reconstruction of the Miyaketuara tank under Gamperaliya Development Programme 2018. This estimate included Rs. 4,076,800 for the construction of the breakwater in the tank using stones and Rs. 4,974,900 had been spent for the purchase of the stone alone. Accordingly, a sum of Rs. 898,100 exceeding the estimated cost had been spent only on the purchase of stones. The stones on the bund of the tank had not been laid with the thickness mentioned in the estimate and the remaining stones had been piled up in the tank premises.
- In the reconstruction of Miyaketuara tank under the Gamperaliya Development Program, lying stones on the stones on the tank bund has been done and a part of its basic application has been completed. It is informed that as the rain was about to fall, the stone was laid by the machines. Nevertheless, the required thickness and gaps remained incomplete due to not completing the work. It is further informed that due to the non-completion of the construction of the breakwater of the tank, the remaining stones have been piled up in the tank premises.
- Constructins should be done in accordance with the estimate.
- (d) Under the Construction Projects and Resettlement Program - 2020 implemented by the Ministry of Disaster Management, the Bibila Divisional Secretariat had paid Rs. 200,000 to a beneficiary for land preparation and laying of the foundation for the construction of the house during the year under review. Nevertheless, only pits had been dug for the construction of concrete columns on the land under construction even as at 07 April 2021.
- Preparation of the ground and laying of the foundation were made very difficult due to the heavy rains that prevailed in the last few months and it was the main reason for the delay in the construction work of the house. Further, since the house to be built on this land is a storied house and the relevant land is a paddy land, pits about 5 feet deep have to be prepared and a concrete slab has to be laid about a foot before constructing concrete columns. Accordingly, the Bibile Divisional Secretary has informed that a concrete slab of about a foot has been laid and further work will be continued.
- Construction works should be followed up.

- (e) In order to develop the road leading to Kumarapura commencing near Weli Ara Temple under Gamperaliya Program - 2018, the Sevanagala Divisional Secretariat had paid Rs. 951,505 in 2019. At the location where the concrete walls (Curb) had been constructed on both sides of the road at a cost of Rs. 33,357 along the section of the road that had been laid with concrete interlock paving blocks, the concrete walls on one side of the road was nearly collapsing due to cracks in 19 places on the wall.
- It is informed that there is no possibility of rectifying the defects by the contractor as the retention money has already been released and that action will be taken to inform the relevant local authority to carry out the maintenance work.
- Constructions should be carried out to the due standard and construction defects should be rectified expeditiously.
- (f) Under the Sapiri Gamak Community Participatory Rural Development Program – 2020, the Kataragama Divisional Secretariat had developed a 108 meter long and 3.1 meter wide road in the Vallimatagama Grama Niladhari Division by spending Rs. 989,735 for concreting the road. However, there were cracks on the road in 16.87 square meters in four places and 10.7 meters and 1.9 meters in two other places. Further, it had been stated that the expansion joints of the road were prepared by mixing sand and tar and accordingly, Rs. 5,030 had been paid for that purpose, no such expansion joints had been prepared.
- Observation is accepted. As the tipper trucks loaded with sand and stones are frequently driven on the road, it has thus been subjected to form cracks. The contractor was instructed to repair the cracked parts using tar and chips and prepare the expansion joints as per the estimates. Action will be taken to report the progress in the future.
- The road should be constructed to the due standard to use the same for a long time.
- (g) The Kataragama Divisional Secretariat had incurred an expenditure of Rs. 968,087 for laying concrete on a road in Gaminipura Grama Niladhari Division under Sapiri Gamak Community Participatory Rural Development Program 2020. Although a sum of Rs. 13,751 had been estimated on shoulder filling on both sides of the road, the work had not been completed.
- Payment was not made as the contractor had not applied the gravel soil in prescribed standard. Although the contractor was notified to complete this work, the work had not so been completed.
- Payment should be made on confirming that the project work has been completed as estimated.

- (h) Under the Gamperaliya Development Program – 2019, the Kataragama Divisional Secretariat had spent Rs. 774,149 for concreting a road 69.95 meters long and 3.7 meters wide in the Kandasurindugama Grama Niladhari Division. It was observed that an area of 122 square meters on the road was damaged and stones were detaching in four places and a section of 26.7 meters in length was cracked in the middle of the road which was paved with concrete.
- Observation is accepted. The contractor was instructed to repair those locations.
- The road should be constructed to the due standard to use the same for a long time.

3.5 Assets Management

The following observations are made.

Audit Observation	Comment of the Accounting Officer	Recommendation
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(a) Fourteen vehicles belonging to the Monaragala District Secretariat remained idle in the office premises for more than 10 years and action had not been taken to repair or dispose of those vehicles.	Nine of the said vehicles remained condemned. Arrangements are being made to auction them.	Action should be taken either to repair or dispose of the vehicles.
(b) A motorcycle received by the Divisional Secretariat, Bibila from the Monaragala District Secretariat had remained idle for more than 06 years since 2014 and it had not been repaired or disposed of.	Necessary steps will be taken to dispose of the motorcycle in the future.	Action should be taken either to repair or dispose of the motorcycle.
(c) In terms of Assets Management Circular No.01/2018 dated 19 March 2018, all the heads of public institutions have been instructed to dispose of all the vehicles in unusable conditions before 30 June 2018 by following the instructions given by the Public Finance Circular No.01/2015 dated 10 July 2015. On the contrary, a cab, a tractor, a motorcycle, and a plow that remained unusable condition and owned by the Madulla Divisional	As arrangements are being made to provide the cab and the motorcycle for training activities in the technical training courses conducted by the Vocational Training Authority of Sri Lanka in the Madulla Division, those vehicles have not been deposited. It is informed that necessary steps are being taken to dispose of the tractor.	Action should be taken to carry out disposals in terms of circular instructions.

Secretariat had been retained at the office premises even as at 12 February 2021.

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| (d) | It was observed that a generator, a jeep, a tractor bowser, a lorry bowser and a motorcycle belonging to the Siyambalanduwa Divisional Secretariat had remained unused for a long period. | It is informed that necessary action will be taken as per a decision of the future Board of Survey regarding the generator; to hand over the jeep to the Vocational Training Authority of Sri Lanka and to dispose of the tractor bowser and lorry bowser. Further, it is informed that further action will be taken on the motorcycle after obtaining the recommendation of the Inspector of Motor Vehicles. | Action should be taken either to repair or dispose of those items. |
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3.6 Losses and Damages

The following observations are made.

Audit Observation

- (a) A cab belonging to the Monaragala Divisional Secretariat had met with an accident on 23 March 2009 and as the relevant cab had not been insured, the total cost incurred for the repair amounting to Rs.3,074,975 had to be borne by government funds. Although report in terms of the Financial Regulation 109 regarding writing off the loss from the book was sent to the Ministry of Home Affairs on 16 July 2015 stating that there was no officer responsible for the loss, approval thereon was not received even by the end of the year under review.

Comment of the Accounting Officer

Having rectified the errors in the final inquiry report in F.R.104 (4), the report in F.R.109 has been sent to the Ministry in order to write off the loss related to the accident from the book.

Recommendation

Action should be taken to obtain the necessary approval.

- (b) A cab belonging to the Divisional Secretariat, Buttala had met with an accident on 05 August 2020, thus causing a loss of Rs. 141,700. Even though 07 months had elapsed since the accident by 22 March 2021, the final report in terms of the Financial Regulation 104 (4) had not been submitted. Activities relevant to the final inquiry are in progress in terms of Financial Regulation 104 (4). Inquiries should be conducted without delay in terms of Financial Regulation 104 (4).
- (c) A cab belonging to the Wellawaya Divisional Secretariat had met with an accident on 19 September 2002 and according to the Financial Regulations 104 (4) report, it had been decided to recover the loss of Rs. Rs.375,000 from the driver. The Committee on Public Accounts held on 23 April 2013 had also directed to recover the loss from the driver. Although nearly 08 years had passed since the issue of above directive, only Rs.92,500 had been recovered from the loss. Of the relevant loss of Rs. 375,000, a sum of Rs. 92,500 has been recovered so far from the driver responsible for the accident. The loss is continuously being recovered at Rs. 2,500per month. Action should be taken to recover the loss without delay.
- (d) A cab belonging to the Divisional Secretariat, Wellawaya had been involved in an accident on 11 November 2020 , thus causing a loss of Rs. 664,400. Out of that amount Rs. 609,250 only had been reimbursed from the National Insurance Trust Fund. Despite the lapse of 04 months by 22 March 2021 since the accident, the final report in terms of the Financial Regulation 104 (4) had not been submitted. Approval of the Secretary to the Ministry has been received by the letter dated 05 March 2021 to appoint the final board of inquiry. Final inquiries are being conducted accordingly. Inquiries should be conducted without delay in terms of provisions of the Financial Regulations
- (e) A cab belonging to the Wellawaya Divisional Secretariat had been involved in an accident on 17 December 2016 and a loss of Rs. 2,630,726 had been incurred. A sum of Rs. 188,524 which was not covered from the insurance for the repairs made after the accident was borne by the Monaragala District A board of inquiry has been appointed to conduct final inquiries and the relevant reports have not so far been received although committee officials were informed through reminders. Inquiries should be conducted without delay in terms of provisions of the Financial Regulations

Secretariat. Although more than four years have passed since the accident, a final report on the accident had not been submitted by conducting inquiries as per Financial Regulation 104 (4) even as of 23 March 2021. Further, repair costs of Rs. 188,524 born by the government expenditure had not been included in the Statement of Losses and Waivers under the losses to be further recovered, written off, or waived.

3.7 Uneconomic Transactions

Audit Observation

Although the Monaragala Divisional Secretariat had spent Rs. 495,000 to repair the culvert on the road near the shop No.12 of the Hulandawa South First Step under the Sapirigamak Program 2020, the culvert had been demolished for the construction of a new bridge at the site where the project was implemented. It was accordingly observed that the cost incurred for this project had become a fruitless expenditure.

Comment of the Accounting Officer

The work on the project had been completed on 12 November 2020. However, on 28 December 2020, the Rural Bridge Project notified that a bridge would be constructed at the site, but any notice was not given at the time of construction of the culvert.

Recommendation

Development projects should be properly assessed before they are implemented in order to utilize the funds effectively.

3.8 Management Weaknesses

Audit Observation

Due failure in the collection of rent for government quarters belonging to the Monaragala District Secretariat in 2016, 2017 and 2018 according to the assessment report No. MO/RG/301 dated 11 December 2015, the rent remained in arrears for those years amounted to Rs. 1,506,250. Out of which Rs. 17,400 only had been recovered by 30 March 2021 and a sum of Rs. 1,488,850 further remained in arrears. Although five years have passed

Comment of the Accounting Officer

The officers concerned have been informed to collect the arrears of rent from January 2016 to August 2018. Therein, several officers made requests to pay the arrears in installments as they could not make the payments as lump-sum payments, and those requests were sent to the Line Ministries for approval. Installments are

Recommendation

Arrears of house rents should be recovered according to the assessment reports.

since the last assessment of government quarters, the assessment rent had not been revised.

currently being charged from the officers who received the approvals and reminders have been sent to other officers.

4. Human Resource Management

The following observations are made.

Audit Observation	Comment of the Accounting Officer	Recommendation
(a) Although a Human Resource Development Plan should be prepared in terms of Public Administration Circular No. 02/2018 dated 24 January 2018, District Secretariat, Monaragala had not prepared a Human Resource Development Plan for the year under review in accordance with the instructions in the said circular. Further, annual performance agreements for all the staff had not been signed.	After giving targeted objectives for the entire staff for the years 2020 and 2021 at the beginning of the year, each officer signs a performance agreement. Accordingly, each officer reports to me on the progress of their targets monthly.	Action should be taken in accordance with the circular instructions.
(b) According to the cadre information of the District Secretariat, Monaragala and 11 Divisional Secretariats, there were vacancies in 14 posts of the staff grade, 17 posts of tertiary grade, 194 posts of secondary grade and 08 posts of primary grade.	A summary report on approved cadre, actual cadre and vacancies is updated on the Public Service, Provincial Council and Local Government website monthly. Further, the Department of Management Services is also reported information in this regard on a quarterly basis.	Necessary steps should be taken to fill vacancies of the essential posts.
(c) According to the approved cadre as at 31 December 2020, it was observed that 22 posts in 07 Divisional Secretariats were in excess of the approved cadre.	It is informed that there is a small excess number of employees for certain posts as the Ministry attaches them to the approved posts without my request.	Relevant measures should be taken on the excess cadre.

- (d) According to Public Administration Circular No. 18/2001 dated 21 August 2001, every officer who has served in the same post/workplace for a maximum period of 05 years should be given transfers to be allowed to work in other workplaces. Nevertheless, 584 officers in the Monaragala District Secretariat and 11 Divisional Secretariats had been employed in the same station for a period of 06 to 29 years.
- Most officers had not received annual transfers although they applied for annual transfers.
- Regarding the transfers, action should be taken in accordance with the circular.