

Head 258– District Secretariat, Kandy

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statement of the District Secretariat, Kandy 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, Kandy was issued to the Accounting Officer on 21 May 2021 in terms of Sub-section 11(1) of the National Audit Act, No. 19 of 2018 and the Detailed Annual Management Audit Report relating to the District Secretariat in terms of Section 11(2) of the National Audit Act, No. 19 of 2018 was issued to the Accounting Officer on 21 May 2021. 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, Kandy as at 31 December 2020, and its financial performance and 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 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

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

As per Sub-section 16(1) of the National Audit Act No. 19 of 2018, the District Secretariat, 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 alteration as required for such systems to be effectively carried out.

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

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

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

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

I communicate with the Accounting Officer regarding, significant audit findings, any significant deficiencies in internal control and other matters that I identify during my audit.

1.5 Report on Other Legal Requirements

I express the following matters in accordance with Section 6(1)(d) and Section 38 of the National Audit Act, No. 19 of 2018.

- (a) The financial statements are consistent with the preceding year.
- (b) The recommendations made by me in my report presented with the financial statements of the preceding year with respect to the observations shown in Paragraphs 1.6.2 (a) of this report, had not been implemented.

1.6 Comments on Financial Statements

1.6.1 Non-compliance of financial statements with circular provisions.

Although financial statements should be prepared in accordance with Guideline No.06 issued by the Department of State Accounts, instances of deviating from that requirement are given below.

Audit Observation	Comments of the Accounting Officer	Recommendation
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For reconciliation of difference between Treasury books and departmental books, deposits, advances and value totaling Rs. 45,189,298 incurred on other Ministries and Departments had been understated to Imprest Adjustments Account.	It is accepted that the matters revealed by the Audit were not adjusted to the Imprest Account and trial balance will be used in the preparation of financial statements for the ensuing year and a revised adjustment account is forwarded herewith.	Diifference should be recognized and adjustments to the Imprest Adjustment Account should be made accordingly.

1.6.2 Statement of Financial Position

The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
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(a) Although balance of property, plant and equipment was Rs. 7,577,381,360 as per the Treasury books, it was Rs. 6,535,339,049 in the Statement of Non-financial	This difference is due to stating the balance of Land, Buildings and Machinery of Kundasale Divisional Secretariat as Rs. 1,042,093,311, that is, by threefold increase in the web interface and due to understating the	Balances in the Statement of Non-financial Assets (ACA-6) should be tallied with the balances of the Treasury books.

Assets (ACA-6). Accordingly, machinery balance of the District Secretariat and the Pathahewaheta and Minipe Divisional Secretariats by Rs. 1,042,042,311.

51,000.

- (b) In comparison of opening balances of the Statement of Non-financial Assets (ACA-6) with opening balances of the Treasury assets report, value of 10 items had been overstated by Rs. 4,157,647,226 in the Treasury assets report. No disclosure had been made thereon in the financial statements.

It is acknowledged that the difference between the value of assets in the statement of non-financial assets as at 31.12.2019 and the balance of Treasury report as at 01.01.2020 should have been disclosed separately in the financial statement. Non-financial assets which could not be assessed and accounted for as at 31.12.2019 in almost all the 21 Divisional Secretariats were assessed and accounted for in the year 2020 and these values are stated in the financial statements under acquisitions.

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- (c) In comparison of value of disposals during the year stated in the statement of non-financial assets pertaining to the year under review with closing balance of the Treasury assets report, a sum of Rs. 75,231,930 of 05 items of assets relating to a Divisional Secretariat and Rs. 69,067 of 02 items of assets relating to 02 Divisional Secretariats had been overstated and understated respectively in the Treasury assets report.

This difference is due to stating the disposal value of 05 items amounting to Rs. 25,077,310 of Kundasale Divisional Secretariat with threefold increase in the web interface and understating opening balance under the agricultural vehicles of the of the Ududumbara Divisional Secretariat by Rs. 46,050 and understating the disposal of furniture of the Medadumbara Divisional Secretariat by Rs. 23,018.

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| <p>(d) Value of office equipment, electrical appliances and computer accessories worth Rs.67,420 assigned to the District Secretary according to the letter No. DOME / 02 / 05-14 dated 25 April 2019 of the Director General of the Department of Manpower and Employment had not been brought to account</p> | <p>Action will be taken to account for this value in the year 2021.</p> | <p>Cost or assessed value of all non-current assets assigned to the entity should be brought to account.</p> |
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1.6.3 Cash Flow Statement

The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
<p>(a) According to the consolidated trial balance presented by the institute, net expenditure of Rs. 5,801,485,055 incurred on other Objects had been stated as Rs.5,790,464,470 in the cash flow statement. Omission of payment of Rs. 11,020,585 made by the expenditure head of pension had contributed to this situation.</p>	<p>As pointed out by the Audit, this error had occurred due to obtaining details on the expenditure from the expenditure reports without extracting them from the trial balance and action will be taken to use trial balance as the basis in the preparation of financial statements of the ensuing year.</p>	<p>Net expenditure incurred by other Ministries/Department in respect of the District Secretariat should be included under the operating activities in the cash flow statement.</p>
<p>(b) Although receipt and payment of advances were Rs.117,490,677 and Rs. 101,836,253 respectively according to the departmental books, those had been stated as Rs.72,305,129 and Rs.67,695,292 respectively under the investment activities in the cash flow statement. Accordingly, there</p>	<p>This difference is due to preparation of financial statements based on the Treasury computer printouts and expenditure reports and trial balance will be used as basis in the preparation of accounts in the coming year.</p>	<p>The value of receipt of advances and payment of advances stated as the cash generated from the investment activities should be tallied with the figures in the consolidated trial balance.</p>

were differences of Rs.45,185,548 and Rs. 25,531,124 between the receipt and payment of advances respectively.

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| <p>(d) Although deposit receipts and payments were Rs.855,364,694 and Rs.1,086,836,756 respectively according to the departmental books, a sum of Rs.855,360,944 and Rs.1,086,809,005 had been stated as deposit receipts and deposit payments under the financial activities in the cash flow statement, thus understating deposit receipts by Rs.3,750 and deposit payments by Rs.27,751 respectively.</p> | <p>As financial statements had been prepared based on the Treasury computer printouts, deposits were understated and trial balance will be used as the basis in the preparation of financial statements in the ensuing year.</p> | <p>Values stated under the cash flow generated from the financial activities in the cash flow statement should be tallied with the values stated in the departmental consolidated trial balance.</p> |
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2. Financial Review

2.1 Utilization of provisions made by other Ministries and Departments

Audit Observation

Comments of the Accounting Officer

Recommendation

The total provisions of Rs. 21 million made to the District Secretariat on two occasions by the Paddy Marketing Board to purchase paddy in 2019/2020 Maha season and 2020 Yala season had been returned since the small and medium scale mill owners were not ready to purchase paddy on clarified methodology.

Although arrangements were made to purchase paddy harvest by informing small and medium scale mill owners with the use of money provided by the Food Department for the purchase of paddy in 2019/2020 Maha season and 2020, Yala season since mill owners did not come forward to purchase paddy, money had to be returned.

Action should be taken in accordance with the recommendations in the Circular No. PS/EPC/06/2020 dated 24 January 2020 of the Secretary to the President.

2.2 Non-compliance with Laws, Rules and Regulations

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

Reference to laws,rules and regulations	Obsrvation	Comment of the Accounting Officer	Recommendation
<p>(a) Statutory Provisions</p> <p>Register of Persons Act No.32 of 1968 and Section 5.2 of Register of Persons (Amendment) Act, No.08 of 2016 .</p>	<p>It was observed at the audit test check that 3964 persons who had exceeded 21 years of age in 542 Divisions belonging to 12 Divisional Secretariats had not obtained identity cards.</p>	<p>Divisional Secretaries of Pasbage Korale and Doluwa Divisional Secretariats stated that the relevant situation was due to lack of birth certificate or any document to confirm the date of birth, being persons with disability and difficulty to find relevant documents and non-submission of any information regarding the date of birth, place of birth, parents and brothers and sisters by some persons, and only calling for information was carried out by the other Divisional Secretariats.</p>	<p>Action should be taken in accordance with circular provisions.</p>

**(b) Public
Administration
Circulars**

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- i. Paragraph 4 of the Letter No. HAF-3-ADMIN-02-002 dated 08 July 2013. Two weekly reports on unauthorized acquisitions in 213 Grama Niladharees' Divisions of 03 Divisional Secretariats for a period from 02 to 12 months had not been submitted by the Grama Niladharees. All the officers were informed again to submit information on due date and a methodology was prepared to refer the process under the personal supervision of the Assistant Divisional Secretary. Action should be taken in accordance with circular provisions.
- ii. Circular No, 14/2019 dated 31 May 2019. According to the audit test check carried out, revision to be made as per the Budget Proposals, 2019 for the pensions of 74 pension holders of 02 Divisional Secretariats of Pathadumbara and Udunuwara had not been finalized even by the end of the year under review. As reported by the Pathadumbara Divisional Secretariat, lack of adequate information in the file had contributed to that delay, the fact that letters were sent to relevant institutions and the pensioners requesting information, a letter seeking instructions on those files was sent to the Director General of Pensions by the Udunuwara Divisional Secretariat on 08.04.2021. -do-

**(c) State Accounts
Circulars**

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- Circular No.13/2001 dated 20 December 2001. Activities relating to 31 pension files had not been completed by the Pathadumbara Divisional. It has been notified by the Letter dated 05.10.2020 of the Director General of Pensions to rearrange and send the 31 files dispatched by this office. Since the Department of Pensions was not opened -do-

Secretariat up for public purposes to the end of during the relevant period the year under and the Department of review. Posts had stopped its functions, it was decided to send the files on 15 and 16.02.2021 and enquiry in this regard was made again on 06.05.2021.

2.3 Issuance and Settlement of Advances

 Reconciliation statement on Advances to Public Officers Account.

Audit Observation

Comments of the Accounting Officer

Recommendation

 A loan balance of Rs. 136,620 due from an interdicted officer and a loan balance of Rs. 106,391 due from an officer who vacated the service remained recoverable since a period of 07 years even as at 31 December 2020.

 Action will be taken to expedite the disciplinary inquiry taken against the interdicted officer to recover the loan balance of Rs.136,620. Although the Attorney General had informed to settle the loan balance of Rs. 106,391, the loan balance had not been settled.

 Action should be taken in accordance with provisions of Section 04 of Chapter xxiv of the Establishments Code of the Democratic Socialist Republic of Sri Lanka.

2.4 Deposit Balances

Audit Observation	Comments of the Accounting Officer	Recommendation
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Retention money aggregating Rs. 9,579,089 relating to 170 completed projects of which maintenance period had expired in 04 Divisional Secretariats had been retained in the General Deposit Account over a period from 01 month to 01 year without being taken action to settle that amount.	Retention money of two projects in Pathadumabara, three projects in Udunuwara and the two projects in Harispattuwa has been released.	Action should be taken to relased the retention money on a report of the Technical Officer at the expiry of maintenance period.

3. Operating Review

3.1 Planning

Observations revealed relating to the planning of performance in terms of Guideline 12 issued by the Public Finance Department are given below.

Audit Observation	Comments of the Accounting Officer	Recommendation
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(a) Although activities should be arranged in order of priority based on the approved budget in preparing Action Plan, action had not been taken accordingly.	Action will be taken to arrange the activity plan based on the approved budget by taking into account those requirements in the future.	In the preparation of Action Plan, activities should be arranged in order of priority based on the approved budget.
(b) It was revealed at the audit test check that although certain activities under the field of accounts, development, lands, social services	Plans had not been presented for certain activities included in the Action Plan, 2020. Nevertheless, in making provisions for instance specific activities and projects proposed by the Government	Annual Action Plan should be prepared in accordance with the Guideline 12.

(elders), district land during various periods and the usage had not been final quarter of the current year, included in the Action since those activities are carried Plan of the year 2020, out, there is no adequate time to progress under those submit a revised action plan for activates had been stated those activities. Nevertheless, the in the performance progress of the activities carried report. out by various sectors and institutions has been included in the final progress in the performance report.

3.2 Failure to Discharge Functions

Audit Observation

Comments of the Accounting Officer

Recommendation

According to the Letter No. MWGA/WB/ල.ක.ස/2017 dated 12 January 2017 of the Director of Sri Lanka Women's Bureau, action should be taken to establish and register women working societies in every Grama Niladharee Division. Nevertheless, 31 women working societies of 280 Grama Niladharee Divisions in 03 Divisional Secretariats of Udunuwara, Medadumbara and Ududumbara had not been registered.

Udunuwara, Medadumbara and Ududumbara divisions have achieved a considerable progress than the situation prevailed at the time of audit and registration of women societies has been delayed due to difficulties found in the collection of membership fees and money for opening bank accounts amidst their severe economic hardships.

Action should be taken in accordance with circular provisions.

3.3 Failure to achieve expected level of output

The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
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(a) In terms of Paragraph 01 of the Circular No.01/2019 dated 06 December 2019 of the Secretary to the Ministry of Finance and Economic Affairs issued relating to the <i>Sapirigamak</i> community participation programme, implementation of projects under 09 components had been introduced. Nevertheless, 3670 or 97 per cent of the projects out of 3795 projects implemented in 20 Divisional Secretariats in Kandy District had been the projects relating to the road development and as such, achievement of macro-economic goals as indicated in the circular were limited.	In terms of circulars issued under the <i>Sapirigamak</i> community participation development programme, it had been targeted to develop the country by minimizing disparities and the objective of this programme was to achieve macro-economic goals by developing a community centered economy. Therefore, implementation of projects under 09 components had been introduced, whereas the requests and proposals made through the rural committees in the area in the recognition of those projects had not been taken though the mediation of any public officer. Therefore, due to submitting proposals for the rural road development by surpassing 08 out of 09 components as in the above circular, the facts that the above projects had to be implemented were true.	Action should be taken to achieve objectives in accordance with circular provisions.

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| <p>(b) Out of 53 families identified under the resettlement programme of the families resided in the high risk areas in the Pasbage Korale Divisional Secretariat Division, 10 families had so far failed to identify suitable lands to reside due to difficulties in finding a suitable block of land to resettle at Rs.400,000 granted by the Government and their inability purchase a land by spending an additional amount other than the aforesaid grant.</p> | <p>Lands have to be further identified only for 10 families for resettlement.</p> | <p>Action should be taken to achieve the expected objectives.</p> |
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3.4 Failure to achieve expected level of outcome

The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
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<p>(a) Under the nutrition allowance programme implemented by the Ministry of Women and Child Affairs to grant allowance of Rs.20,000 to the pregnant mothers with the intention of providing proper nutrition during the pregnancy and eradicating low birth weight from Sri Lanka, value of nutrition allowances amounting to Rs.14,204,000 of the 20 Divisional Secretariats had not been obtained by the pregnant mothers in 7102 instances as at 31 December 2020.</p>	<p>Failure of the mothers in the areas isolated due to Covid 19 pandemic to obtain goods, not obtaining goods by all mothers who received the vouchers, not reporting information on the mothers who had miscarriages to the Divisional Secretariats and moving to another areas for delivery had given rise to this situation.</p>	<p>Action should be taken to achieve the expected benefits.</p>

- (b) Balance of the Livelihood Revolving Fund operated by the Divineguma Department was Rs.169,488,100 as at 31 December 2020 of which outstanding balance on granting loans amounted to Rs. 99,517,949 and the balance of the Fund capable of granting loans amounted to Rs.69,970,151. Accordingly, nearly 40 per cent out of the total balance of the loan process implemented with the objective of empowering beneficiaries was capable of granting loans, but no attention was focused thereon.
- Although the reasons such as issuance of livelihood development loans to the successful entrepreneurs during the year 2020, implementation of revolving loans only for the successful projects, decrease in the demand for loans due to crippling enterprises in the face of Corona epidemic, arising issues on granting loans due to poor level of loan settlement by the entrepreneurs, low progress of all loan schemes implemented by the community based bank societies had affected this loan programme, bank managers informed that action would be taken to issue loans from this Revolving Fund in the year 2021.
- Revolving loan scheme should be implemented so as to render maximum revicve to the beneficiaries.
- (c) Approval of the Divisional Secretary had not been obtained to supply water to the two small hydro power plants of Korawak Oya and Baharanda operated in the Divisional Seretariat Division, Pasbage and no action had been taken to recover the water diversion charges to be recovered on the production of hydro power (Megawatt Hours) from the beginning of the project.
- A court case is being tried regarding the ownership of the land on which the said 02 hydro power projects are implemented and therefore, it has not been possible to carry out the land acquisition activities. However, action will be taken to brought the necessary documents from the relevant institutions to recover the taxes.
- Approval should be taken for the projects implemented within the area of authority of the Divisional Secretariat.
- (d) Although well and the pump house had been constructed under the Thalagunekotuwa Rural Water Scheme at a cost of Rs. 1,093,731 in the Ududumbara Divisional Seretariat Division, water had not been supplied.
- Under the Development Proposal, 2021, proposals have been submitted to complete the pump house under the phase II of the project and systematically supply water to the beneficiaries.
- Action should be taken to achieve expected benefits from the project.

3.5 Delay in the execution of projects.

Audit Observation

Even though an agreement had been signed between Divisional Secretariat, Harispattuwa and the Sri Lanka Information and Communication Technology Agency (ICTA) with regard to obtaining Sri Lanka Government Network (LGN 2.0) facility for the new building of the Divisional Secretariat, that requirement had not been fulfilled. As such, speed of the data transfer process within the office had decreased, thus affecting the smooth functioning of the office duties.

Comments of the Accounting Officer

Although a Memorandum of Understanding was signed relating to obtaining LGN 2.0 connection to new building of this office and sent to the ICTA, it had been notified that new connection would not be given due to not updating the agreement between ICTA and the Sri Lanka Telecomm. Accordingly, it has not been possible to provide LGN 2.0 connection to the new building up to date.

Recommendation

Action should be taken to get the service done within the project period.

3.6 Other Observations

The following observations are made.

Audit Observation

(a) Water scheme in the Opalla Grama Niladharee Division in Divisional Secretariat Division, Thumpane had been implemented at an estimated amount of Rs. 4,000,000. Action had not been taken to duly take over the land at the construction site of the water project in the name of Divisional Secretary through a formal deed and it was observed at the audit test check that 18 items of works valued at Rs.775,161 had not been carried out.

Comments of the Accounting Officer

Written notification has been sent to take necessary steps to transfer the ownership of the land at the construction site of the water project to the Pradeshiya Sabha through a deed and action is being taken to legally take over the same at present, activities which were not carried out at the time of audit test check have been completed by now and necessary arrangements are being made to keep the relevant amount as retention money, recover the late fees and settle the balance in the future.

Recommendation

Arrangements should be made to duly take over the relevant land before starting the project and payments should be made only for the completed works.

- (b) Even though Rs.860,035 had been paid for the construction of Galabawa child clinic centre at the Thumpane Divisional Secretariat Division, a sum of Rs.48,950 had been paid for 04 undone work items included in the bill certified by the Technical Officer.
- We received this bill at the end of the year on 29 December and due to receiving about 75 bills from the Pradeshiya Sabha during the last week in December a mistake has taken place in their checking and relevant errors have been corrected at present. In order to settle the deficit in that bill from the retention money, the Pradeshiya Sabha has refer the matter to the Divisional Secretary and necessary arrangements have been made to settle the payments by making relevant deductions.
- Payments should be made only for the completed works.

3.7 Annual Performance Report

The Annual Performance Report should have been prepared in accordance with the format indicated in Guideline 14 issued by the Public Finance Department in terms of Paragraph 10.2 of the Public Finance Circular No.2/2020 dated 28 August 2020. The following observations are made in this connection.

Audit Observation	Comments of the Accounting Officer	Recommendation
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(a) Information on the performance relating to the achievement of sustainable development goals had not been included in the performance report.	Officials were instructed to prepare and submit the performance report in accordance with the Public Finance Circular No.02/2020 (i) dated 28 August 2020.	Action should be taken in accordance with the circular provisions.
(b) It was revealed at the audit test check that progress of 40 programmes included in the action plan under the sections of accounting, development, lands, samurdhi, engineering, census and statistics, social services, social services (counseling), social services (elders) had not been incorporated in the performance report.	Officials were instructed to prepare and submit the performance report in accordance with the Public Finance Circular No.02/2020 (i) dated 28 August 2020.	Performance of all the activities planned to be implemented during the year 2020 should be included in the performance report.

3.8 Procurements

The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) In the procurement plan prepared by the District Secretary, expected specific timeframe for the implementation of each procurement had not been recognized and instead, the term “within the next year” only had been stated.	As procurement activities for any main projects were not carried out during the year 2020, the scheduled date for the commencement and completion of the procurements were not included in the procurement plan and action will be taken to adhere to that requirement in the future procurement activities.	Timefarme should be specifically mentioned in the procurement plan.
(b) Procurement activities had not been prepared in detail as required by Guideline 4.2.1(c) of the Government Procurement Guidelines.	Observation is agreed upon. As the provisions made under capital Object for 21 units of accounts comprising the District Secretariat and 20 Divisional Secretariats being limited, detailed procurement activities have not been stated.	Procurement activities should be prepared in detail.
(c) In terms of Guideline 4.2.1 (e) of the Government Procurement Guidelines, the procurement plan should be regularly updated at intervals not exceeding 06 months. Nevertheless, the District Secretariat and 05 Divisional Secretariat had not taken steps accordingly.	As pointed out by the Audit, action will be taken to update the procurement plan where necessary in the future.	In case of any change, provisions of the Government Procurement Guidelines should be followed.
(d) According to the conditions stipulated in the bid invitation relating to the supply of cleaning service, the business name registration certificate and	Observation is agreed upon. In the selection of successful bidder from among the bids called for in the year 2021, number of years of registration and service experience were taken in to consideration and bids were awarded	The conditions stipulated in the bid invitation should be taken into consideration at the Technical Evaluation Committee and Procurement Committee in taking

the details on the institutions for which cleaning service is provided at present had been called for. In considering the bids, those requirements had not been taken into account at the Technical Evaluation Committee or the Procurement Committee in taking decision. Out of 12 institutions that had presented bids, the bid relevant to the supply of cleaning service for the District Secretariat premises, auditorium, Training Services Institute, Katugastota and 15 Divisional Secretariats for the year under review had been awarded to an institution with a short registration period of 05 months which had not provided information on its service experience.

after a technical evaluation process, and action will be taken to carry out the procurement process including evaluation and the bid awarding without any shortcomings as pointed out by the Audit.

decisions.

3.9 Assets Management

 The following observations are made.

Audit Observation

Comments of the Accounting Officer

Recommendation

 (a) Although there was a block of land with a small building of 27'x55' which is not belonging to the official quarters at the back of the building used as the official quarters of the Gangawatakorale Divisional Secretariat, that

 The land with a small building of 27'x55' which is not belonging to the official quarters was being used by the Watcher and due to lack of stores facilities in the office, arrangements were made to clean and use the building for the

 Assets should be used productively.

building remained dilapidated stores. without being used for any productive purpose.

- (b) Four government quarters belonging to the District Secretariat had become unusable owing to their dilapidation for a period from 02 to 08 years. No adequate attention had been focused to repair and render such quarters to usable condition and assign to the officers. Although renovations were planned, those could not be carried out due to not receiving the required provisions. Quarters should be renovated and used effectively.

3.10 Loses and Damages

The following observations are made.

Audit Observation

Comments of the Accounting Officer

Recommendation

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| <p>(a) Although Rs. 144,174 or 50 per cent of amount not recovered from the total loss pertaining to the accident of the Cab belonging to the Ganga Ihalakorale Pradeshiya Sabha on 18 November 2008 is a loss sustained by the Government, it had not been included under Note.(i) in the statement of losses and waivers in the financial statement.</p> | <p>It is acknowledge that loss of Rs. 144,174 sustained by the Government due to above vehicle accident should be included under the Note.(i) in the statement of losses and waivers in the financial statemet and it had not been included therein by mistake.</p> | <p>All relevant details should be included in the financial statements.</p> |
| <p>(b) The loss incurred by the theft committed on 28 June 2018 in the Government Quarters of the District Secretariat situated at No.250/8 in Upland had not been assessed and included in the financial statements.</p> | <p>As pointed out by the Audit, action will be taken to conduct an inquiry into the theft committed at the Government Quarters and assess the loss to include in the financial statements.</p> | <p style="text-align: center;">-do-</p> |

- (c) In order to recover a sum of Rs. 210,093 out of the total estimated loss of Rs. 2,223,927 from the relevant driver of the official Cab of the Udapalatha Divisional Secretariat that had met with an accident on 25 May 2017, the matter had been referred to the Attorney General in January 2019. Nevertheless, loss had not been recovered even by April 2021.
- The fact that the driver responsible for the accident had died, and the information of his lawful heir had been sent to the Attorney General by the Udapalatha Divisional Secretary through the letter No. KDS/UDP/1/1/VEH/9 dated 13.03.2021.
- Action should be taken to recover the loss from the responsible party.

3.11 Uneconomic Transactions

Audit Observation

It was informed in Paragraph 2 of the Letter, No. BD/GPS/130/9/4/MC-8 of the Director of the National Budget Department, dated 22 November 2019 that one officer was entitled to only one motorbike. However, 07 field officers who had obtained motorbikes on concessionary rates as per the 2014 budget proposals, also obtained motorbikes granted at concessionary rates to the members of the Local Governments. Nevertheless, the market value of one motorbike had not been recovered from them.

Comments of the Accounting Officer

Written information have been sent to the relevant 07 officers to pay market value of the motor bicycles thus obtained to the District Samurdhi Division before 20.05.2021 and that action would be taken to recover that amount from the salary in installments if it is not possible to do so.

Recommendation

The Circulars should be followed.

3.12 Management Inefficiencies

The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
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(a) Despite being failed to supply service of 383 man-days by the institution selected for the supply of cleaning service during the year under review, payments had been made at Rs. 355,553 per month in accordance with the agreement. Accordingly, the District Secretariat had paid Rs.62,196 as contribution of the Employees' Provident Fund and Rs.15,549 as contribution to the Employees' Trust Fund to the cleaning service company as per the agreement. Nevertheless, the cleaning service company had remitted contribution to the Employees' Provident Fund with a deficit of Rs.234,643.	The matters pointed out by the Audit is agreed upon and action will be taken to look into whether the employees employed in the cleaning service are duly received the contributions for the Employees' Provident Fund and the Employees' Trust Fund.	Follow up measures should be taken on the payments.
(b) The ownership of the land which is being used as the official quarters of the Divisional Secretary, Gangawatakorale and situated at No.27/4, Dewalawatta, Aruppala had not been duly taken over. Due to the delay in the process of taking over of this land received as a donation to the District secretariat, it had not been possible to acquire the same even after the lapse of 4 ½ years.	A valuation report had been called for from the Government Valuation Department to properly take over this land. Although the Valuation Department agreed to submit that report on 30.04.2021 it was delayed due to afflicting one office with Covid-19. Plans have been drawn to continue further steps by obtaining this report during the week commencing from 17.05.2021.	Institutions should take steps to take over their assets.
(c) The Divisional Secretariat, Gangawatakorale had not obtained Lab Test reports for 07 projects with billed value of Rs.7,722,000 relating to the construction of side walls and drainages that had been carried out during the year under review.	It was noted down to take steps in this regard on the consultations of the Chief Engineer.	Lab Test reports should be obtained on side walls and drainages.

- (d) Delays ranging from 3 years to 25 years were observed in audit test checks relating to 36 instances of acquiring lands with respect to 02 Divisional Secretariats. As such, the intended objectives after acquiring lands could not be fulfilled.
- As it is necessary to deal with a number of institutions when acquiring lands (Department of Survey, Valuation, Forest Conservation, Min. of Land, Min. of Environment etc.), delays would occur in that process; As the original occupants are not alive and persons fail to trace the boundaries, survey and valuation activities have become difficult and the failure to ascertain residences of the land owners to involve them in these activities have contributed the delay.
- Land acquisition activities should be expedite.
- (e) In terms of Paragraph 5 of the Circular No.04/2017 dated 20 June 2017 issued by the Ministry of Women and Child Affairs, accuracy of all the nutrition vouchers received and issued as at 31 December of each year should be verified by a committee and then, the vouchers should be destroyed. Nevertheless, having appointed a committee only for the year 2017 and made relevant computation on the coupons issued for the years 2015 and 2016, those had been destroyed only in 08 Divisional Secretariats in May and June 2020. A committee had not been appointed to destroy the nutrition vouchers even up to date.
- This programme was initiated in the year 2015 and as per the circular, a period of 05 years should be completed to destroy the vouchers. Accordingly, preparation of reports was resumed in terms of guidance given in the Circular No.4/2017-(1) dated 02.03.2020 and according to the letter received from the Child Secretariat on 15.01.2021, the Divisional Secretariats started to destroy coupons and vouchers. Eight Divisional Secretariats have completed that process at present and the other Divisional Secretariats are taking steps to initiate the process on the committee approval.
- Circular provisions should be followed.

4. Achievement of Sustainable Development Goals

The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
----- In taking into consideration the District Secretariat as a whole, there were no specifically recognized sustainable development goals and targets.	----- The Action Plan and the Performance Plan have been prepared by separately recognizing the sustainable development goals and targets under each division in order to march the Kandy district towards the sustainable development as an excellent institution in Sri Lanka through the unison of institutions with different objectives and targets in the District Secretariat.	----- Sustainable development goals and targets should be determined to achieve the objectives as a whole.

5. Good Governance

5.1 Rendering Services to the Public

The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
----- In providing employments to 100,000 low income people as per the Circular No.06/2020 dated 20 February 2020 of the Secretary to the Ministry of Home Affairs under the programme for providing employments to low income people through the Multipurpose Development Task Force, 132 applicants in 40 Grama Niladharees Divisions in Divisional Secretariat Division of Harispattuwa had been granted employments without being taken into account the order of competency of the applicants.	----- In terms of Circular No. PS/GPA/Circular/04/2020 dated 21 January 2020 and the letter No. HA/05/04 dated 21.01.2020 and the letter dated 18.06.2020 of the Secretary to the Ministry of Home Affairs, a book has been compiled incorporating names of 573 applicants who have satisfied qualifications. Having included a summary on the first page, it was submitted to the Department of Multi-Purpose Development Task Force as pointed out and the Department of Multi-Purpose Development Task Force had taken steps with regard to the award of appointments to 132 applicants.	----- Action should be taken in accordance with the Circular of the Secretary to the Ministry of Home Affairs.

6. Human Resource Management

The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) There existed 342 vacancies as at 31 December 2020 comprising 09 vacancies in the District Secretariat and 333 vacancies in the 20 Divisional Secretariats.	These vacancies had occurred due to reasons such as transfers, retirements and deaths of the officers and details thereon are quarterly referred to the Department of Management Services. These vacancies will be filled in accordance with the recruitments made by the Ministry of Public Administration and Provincial Council.	Vacancies should be filled in order to ensure a better service.
(b) Although the approved number of Grama Niladharees in 20 Divisional Secretariat Divisions in Kandy District was 1187 as at 31 December 2020, 141 posts of Grama Niladharee had been in vacant.	The recruitment of Grama Niladharees for the Divisional Secretariats of the Kandy district will be made by the State Ministry of Home Affairs based on the results of the competitive examination held for recruitment.	Vacancies should be filled in order to ensure a better service.
(c) Although there is only one approved post of Additional District Registrar in the Divisional Secretariat, Gangawatakorale, two officers are working in that capacity while three officers are serving in the capacity of Technical Officer, though there are 02 approved posts of the Technical Officers in the office.	Due to entrusting the duties of the Land Registrar Office to the Divisional Secretary in the year 2015 and abundance of the work load of this urban office owing to implementation of online issuance of births and marriage certificates of the Kandy district in the year 2014, department has attached two Additional District Registrars to this office, and one Technical Officer has been attached in addition to the approved two officers in keeping with exigencies of the service of the two electorates available in this Division.	Action should be taken to approve excess posts or transfer the excess staff.