

## Head 262 – Matara District Secretariat

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### 1. Financial Statements

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#### 1.1 Qualified Opinion

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The audit of the financial statements of the Matara District Secretariat 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 Matara District Secretariat was issued to the Accounting Officer on 19 May 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 was issued to the Accounting Officer on 19 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 of the Democratic Socialist Republic of Sri Lanka to be read in conjunction with Section 10 of the National Audit Act, No.19 of 2018.

In my opinion, except for the effects of the matters described in paragraph 1.6 of this report, the financial statements give a true and fair view of the financial position of the Matara District Secretariat 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

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My opinion is qualified based on the matters described in paragraph 1.6 of this report. I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibility for the financial statements is further described in the Auditor's Responsibilities Section. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

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

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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 the determination of the internal control that 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 is required to maintain proper books and records of all its income, expenditure, assets and liabilities to enable the preparation of annual and periodic financial statements.

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**

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

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

- Appropriate audit procedures were designed and performed to identify and assess the risk of material misstatement in financial statements whether due to fraud or errors in providing a basis for the expressed audit 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.
- An understanding of internal control relevant to the audit was obtained in order to design 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 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.
- Evaluate the overall presentation, structure and content of the financial statements including disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

## 1.5. Report on Other Legal Requirements

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I express the following matters in terms of 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 on the financial statements of the preceding year had been implemented.

## 1.6 Comments on Financial Statements

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### 1.6.1 Statement of Financial Position

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The following observations are made.

<b>Audit Observation</b>	<b>Comments of the Accounting Officer</b>	<b>Recommendation</b>
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(a) Rs. 35,831,907 transfers of Dickwella Divisional Secretariat mentioned in the consolidated summary report on non-financial assets under transfers from another institutions was mentioned as Rs. 2,831,907 in the relevant sub schedule and due to that, there was a difference of Rs. 33,000,000.	This error occurred due to a delay.	This difference need to be corrected in the documents.
(b) There was a difference of Rs. 61,442,495 observed between the report sent by the Divisional secretariat to the Comptroller General on statement of non-financial assets and the various units of assets in the statement of non-financial assets. In addition to that difference, other assets balances amounting to Rs. 194,519,038 were included in the report sent to the Comptroller General, but not included in the statement of financial assets.	This error occurred due to differences in the asset code numbers of two reports and I will make the report comparable to each other.	This change need to be corrected and updated the documents.

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| (c) | There was a difference of Rs. 788.63 million among the initial balances of 08 units of assets mentioned in the statement of non-financial assets in the financial statements and treasury printed copies.  | I will analyze and correct this difference in future.  | These changes need to be corrected immediately.  |
| (d) | According to the report submitted to the Comptroller General, the identified area of land in District Secretariat and 13 Divisional Secretariats was valued at 42.7 hectares and it was not included in the statement of non-financial assets. There was no action taken to identify the extent of land belonging to 03 Divisional secretariats. | Although this task has been assigned to the Department of Valuation, this situation is due to the fact that the assessment reports have not been received yet. | This work should be completed expeditiously and the value of the land should be included in the records. |

**1.6.2 Cash Flow Statement**

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**Cash flows generated from investment activities**  
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<b>Audit Observation</b>	<b>Comments of the Accounting Officer</b>	<b>Recommendation</b>
Rs. 625,894 had received from the sale of non-current assets during the year was indicated as revenue collected from other headings in the Cash flow statement which should be indicated the sale of physical assets under the cash flow generated from investment activities.	Since this money is earned from the wastage of office equipment and scrap materials, it is listed under the revenue collected from other headings.	This value should be indicated under the cash flow generated from investment activities.

### 1.6.3 Balance of Advance Account

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<b>Audit Observation</b>	<b>Comments of the Accounting Officer</b>	<b>Recommendation</b>
Although a sum of Rs. 18,947,261 had been paid in advance for work contracts during the year under review and previous years, there was a further Rs. 10,782,006 valued at undisclosed in ACA 5 (a) and ACA 5 (b) formats in the financial statements at the end of the year. This value was also not stated in the financial assets and rental work advance reserves in the Statement of Financial Position.	This value is stated in the financial statements.	This value should be accurately recorded in the Statement of financial position and under the formats specified in the financial statements.

### 1.6.4 Non- maintenance of Registers and Books

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<b>Audit Observation</b>	<b>Comments of the Accounting Officer</b>	<b>Recommendation</b>
Although a document of damages and losses was maintained in accordance with Financial Regulation 110, that document had not been updated.	The responsible officials have been advised in this regard.	Documents and books should be maintained up to date as per the provisions of Financial Regulation 110.

### 1.6.5 Lack of Audit Evidences

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<b>Audit Observation</b>	<b>Comments of the Accounting Officer</b>	<b>Recommendation</b>
At the end of the year under review, it was not possible to verify the accuracy of the value of non-financial assets due to not included the changes in value of assets required, misappropriation and	This is due to changes in asset code numbers and the inability to apply financial values.	Action should be taken to indicate the value of assets in that report as per the circulars.

depreciation of assets required from other entities included in the statement of non- financial assets in the report submitted to the Comptroller General.

**2. Financial Review**  
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**2.1 Imprest Management**  
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The following observations are made.

<b>Audit Observation</b> -----	<b>Comments of the Accounting Officer</b> -----	<b>Recommendation</b> -----
(a) According to the Public Finance Circular No. 1/2014 dated 17 February 2014, the imprest plan for the year had not been prepared.	It is not prepared such imprest plan due to the treasury did not requested.	Should be act in accordance with circulars.
(b) Rs. 13,369.3 million had been requested for the year under review but, only Rs. 6,086.6 million had been received. For the two months of July and December of the year, the received imprest was increased than requested imprest by Rs. 71.6 million and 650.2 million respectively higher than 15 percent and 117 percent. Received imprest was lower than the requested imprest for the other 10 months and it was in the range of Rs. 24 million and Rs. 1,820 million.	This situation has been occurred due to the treasury giving the imprest on occasional urgent requirements.	Action should be taken to minimize this situation as much as possible.

## 2.2 Expenditure Management

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The following observations are made.

<b>Audit Observation</b>	<b>Comments of the Accounting Officer</b>	<b>Recommendation</b>
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(a) An allocation of Rs. 64.6 million had been made for 08 building and construction projects during the year under review. From that, it was incurred Rs. 28.4 million and saved Rs. 36.1 million at the end of the year under review.	It was informed that the Covid-19 epidemic was affected for this.	Should be made maximum use of the provisions.
(b) Out of the total net provision, 46 percent related to recurrent expenditure subject and 9 percent and 56 percent related to 02 capital expenditure subjects out of the total net provision were saved. Provisions were saved due to improper preparation of estimates and misappropriation of provided funds.	This is due to non-expenditure as expected.	Action should be taken to predict the expected expenditure realistically and to utilize the entire received provision with maximum efficiency.
(c) Due to inadequacy of the estimated allocations in 09 expenditure subjects, allocations were transferred from 07 other expenditure subjects and expend ranging from 0.1 percent to 19 percent.	This is due to the inadequacy of the allocated funds.	Expenditure requirements should be forecast as accurately as possible.
(d) Due to non-utilization of the estimated allocations for 07 expenditure subjects, the provisions ranging from 01 percent to 35 percent of those provisions were transferred to other expenditure subjects.	Provisions in these expenditure subjects have been saved due to expenditure management.	-Do-

### 2.3 Incurring of Liabilities and Commitments

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<b>Audit Observation</b>	<b>Comments of the Accounting Officer</b>	<b>Recommendation</b>
Liabilities of Rs. 1,113 pertaining to the previous year had not been settled during the year under review.	Action has been taken to obtain approval under the F.R. 115.	Action should be taken to settle these liabilities expeditiously.

### 2.4 Utilization of provisions made available by other Ministries and Departments

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From 46 Ministries, 23 Departments and 05 other institutions had received sum of Rs. 5,015 million provisions with an amounting to Rs. 4,695 million, Rs. 305 million and Rs. 15 million respectively at the end of the year under review. Out of that allocations, sum of Rs. 4,950 million were utilized with an amounting to Rs. 4,648 million, Rs. 287 million and Rs. 15 million respectively at the end of the year under review. Accordingly, sum of Rs. 65 million was saved out of the allocation amounting to Rs. 47 million, Rs. 18 million and Rs. 0.1 million respectively and it was 1.01 percent, 5.74 percent and 0.66 percent respectively.

### 2.5 Certification to be done by the Accounting Officer

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According to the provisions of Section 38 of the National Audit Act No. 19 of 2018, the Accounting officer had to certify the following matter but, had not acted accordingly.

<b>Audit Observation</b>	<b>Comments of the Accounting Officer</b>	<b>Recommendation</b>
Although the Chief Accounting Officer and Accounting Officer were required to ensure that all audit queries were answered within the specified period as required by the Auditor General, the audit queries were not answered in accordance with paragraph 3.7 of the report.	These delays are due to the need to obtain answers from various divisions and Divisional secretariats.	Should be act in accordance with the provisions of Section 38 of the National Audit Act No. 19 of 2018.

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

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

Observation -----	Comments of the Accounting Officer	Recommendation -----
<p><b>Reference to Laws, Rules and Regulations</b> -----</p> <p>(a) Establishment Code of the Democratic Socialist Republic of Sri Lanka ----- Paragraph 4.4 and paragraph 4.5 of the chapter xxiv -----</p>	<p>-----</p> <p>As soon as receive the advice from the Attorney General, I will take legal action.</p>	<p>-----</p> <p>Action should be taken to settle this money expeditiously.</p>
<p>(b) Financial Regulation Code of the Democratic Socialist Republic of Sri Lanka ----- Financial</p>	<p>-----</p>	<p>-----</p>
<p>(i) Regulation 215(1) and Financial Regulation 218</p>	<p>Payments should not be made ahead of schedule for any reason intended to be</p>	<p>If there is an overpayment, I will adjust it to</p>
		<p>Should be act in accordance with Financial</p>

	employed. However, Rs. 8,248 paid more than the value of the bills in respect of 02 expenditure items was not adjusted to the financial statements.	the financial statements in future.	Regulations.
(ii)	Financial Regulation 1645(b) and 1646 Daily running charts of 06 vehicles belonging to the District Secretariat had not been submitted to the Auditor General.	Daily running charts pertaining to the vehicles currently in operation are submitted for audit.	Running charts of all vehicles in operation should be submitted to the audit.
(c)	Public Administration Circulars -----		
(i)	Paragraph 3.1 of the Circular No. 30/2016 dated 29 December 2016	According to the circular, a fuel combustion test should be carried out on vehicles belonging to the District Secretariat, but such a fuel test had not been carried out by the audited date 28 February 2021.	A board of inquiry has been appointed for this purpose. Should be act in accordance with the circulars.
(ii)	Section 3(iv) of Circular No. 11/2006 dated 14 July 2006.	The 238 daily running charts for 02 reserved vehicles had not been made note as per the circular.	These running charts are maintained at the District Secretariat. Should be act in accordance with the circulars and send running charts to the audit.
(iii)	Paragraph 1 of Circular No. 22/99 dated 08 October 1999.	Although an official vehicle could be used for official duties and transportation among the office and residence, without compliance to that 02 official vehicles were reserved for the District Secretary.	It was informed that the official vehicle was undergoing frequent repairs and therefore it was essential to have an extra cab and not used fuel from the government. Should be act in accordance with the circulars.

(d) Ministry of Finance Circulars

<p>-----</p> <p>Paragraph 7 of the Assets Management Circular No. 01/2017 dated 28 June 2017.</p>	<p>Information on all assets seized and destroyed by institutions since the year 2018 had not been reported to the Comptroller General's Office.</p>	<p>This is due to the required facilities to provide this information have not been provided properly in the years of 2018 and 2019.</p>	<p>Should be take action to update changes in asset values and report to the Comptroller General.</p>
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**2.7 Taxes on Contracts**

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<b>Audit Observation</b>	<b>Comments of the Accounting Officer</b>	<b>Recommendation</b>
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<p>Although the percentage of VAT payable from 1 December 2019 has been reduced from 15 percent to 8 percent as per the VAT amended Circular dated 29 November 2019, under Gamperaliya programme, a sum of Rs. 1,015,980 with 15 percent each VAT had been paid to a contractor on 29 December 2019 for the final bill of solar panel installation project in religious places.</p>	<p>This payment has been done because the bills have been submitted before the issuance of this tax amended circular.</p>	<p>Action should be taken to recover the overpaid amount.</p>

**2.8 Informal Transactions**

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The following observations are made.

<b>Audit Observation</b>	<b>Comments of the Accounting Officer</b>	<b>Recommendation</b>
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<p>(a) Although a provincial public service driver of the Western Province Ministry of Transport has been attached to the District</p>	<p>The approval of the Secretary to the Ministry of Home Affairs and the Director General of</p>	<p>Action should be taken to formalize this post and salary payments.</p>

Secretariat from October 2016 combined services has been subject to salary reimbursement sought in this regard. by letter No. HAF/ADMIN/DRIVERS/2016/23 dated 05 October 2016 of the Assistant Secretary (Administration) of the Ministry of Home Affairs, salaries and allowances amounting to Rs. 542,070 paid from October 2019 to 31 December 2020 had not been reimbursed and there was no formal approval for this attachment.

- (ii) Although the government quarters owned by the Matara Divisional secretariat have been handed over to a Divisional Secretary in another area for the period from August 2014 to 12 July 2017, rent had not been charged as per 5.7 of chapter xix of the Establishment Code. The Matara Divisional Secretary has been informed to take appropriate action in this regard. Should be complied with 5.7 of chapter xix of the Establishment Code.

## 2.8 Deposit Balances

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Audit Observation	Comments of the Accounting Officer	Recommendation
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The balance of 196 deposits of more than 02 years amounting to Rs. 56,479,262 of the District Secretariat had not been complied in accordance with Financial Regulation 571. Out of that 39 deposits amounting to Rs. 10,225,831 had exceeded 05 years.	These balances are being acted expeditiously in accordance with Financial Regulations.	Should be act in accordance with Financial regulations.

### 3. Operational Review

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#### 3.1 Planning

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<b>Audit Observation</b>	<b>Comments of the Accounting Officer</b>	<b>Recommendation</b>
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Although an annual action plan should be prepared in terms of the Public Finance Circular No. 2014/01 dated 17 February 2014, the Matara District Secretariat had prepared an action plan for the first quarter of the year under review.	An action plan has been prepared only for the first quarter of 2020.	Should be act in accordance with the circulars.

#### 3.2 Non- achievements of expected benefits

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The following observations are made.

<b>Audit Observation</b>	<b>Comments of the Accounting Officer</b>	<b>Recommendation</b>
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(a) The generated electricity units from solar panels at 41 religious places in Weligama Divisional Secretariat and 18 out of 34 religious places in Welipitiya Divisional secretariat under the solar power facility project for religious places in Weligama electorate area under Gamperaliya Rapid Rural Development Programme (RRDP) 2019 were in minimum level.	It was informed that the answers will be submitted later.	Need to follow-up on projects and make corrections.
(b) There were 10 religious places where the electricity had not been provided due to non-submission of applications in accurately and non-payment to the Electricity	It has been informed that this situation has arisen due to various practical issues.	These activities need to be formalized.

Board, even though the relevant contracted institution had obtained the money.

- (c) The Electricity Board had not signed agreements with the Chief incumbents of the religious places that were properly connected. It was informed that the Need to be made answers would be submitted later. agreements.
- (d) Although the field inspection report submitted by the Technical Officer of Sustainable Energy Authority had informed the District Secretary about the work not being done properly and what needs to be further improved, Rs. 32 million had been paid tax-free for the installation of 75 solar panels to 03 institutions without fixing the shortcomings and improvements from the contractor. A 10 percent withholding money is kept and that money is released. These conditions need to be rectified.

### 3.3 Projects abandoned without completing

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Audit Observation	Comments of the Accounting Officer	Recommendation
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The Welipitiya Divisional secretariat had not implemented a proposed project to be implemented at an estimated cost of Rs. 500,000.	This project has not been completed due to lack of time to complete the project.	The time period of submission of project proposals and granting approval should be reasonable and realistic.

### 3.4 Delays in Execution of Projects

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Audit Observation	Comments of the Accounting Officer	Recommendation
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The Mulatiyana Divisional Secretariat has implemented 35 projects under the “Sapiri Gamak” rural infrastructure development	This was due to the prevailing Covid-19 epidemic situation in the country	Action should be taken to complete the task of the projects within the contract period and if not, to extend

programme and the rural facilities development programme with an estimated value of Rs. 20 million were completed after a delay of 10 days to 169 days due to non-completion of work on time.

the days for reasonable reasons.

### 3.5 Projects without progress despite the release of money

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The following observations are made.

<b>Audit Observation</b>	<b>Comments of the Accounting Officer</b>	<b>Recommendation</b>
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<p>(a) Matara Nilwala Development Project</p> <p>A sum of Rs. 715 million for the years of 2019 and 2020 had been provided to the Matara District Secretariat from the Ministry of Home Affairs and Local Government for the year 2018-2020 and according to the circular No. MNPEA/PLN/2019 dated 10 January 2019 issued by the Secretary to the Ministry of Economic Affairs and Resettlement, project proposals had not been submitted and granted approval from the Department of National Planning. The activities of this project were included in an annual action plan without the approval of the Ministry in charge of the subject.</p>	<p>The projects identified by the District Secretariat have been approved and implemented by the District Coordinating Committee.</p>	<p>Should be act in accordance with the circulars.</p>
<p>(b) According to the letter No. BD/GPS/ISS/09/01/NA/2019 dated 20 November 2019 issued by the Secretary to the Treasury addressed to all District Secretaries, the projects which have not yet commenced work have been informed to be suspended until re-review and</p>	<p>The Secretary to the Treasury was informed about this decision of the District Coordinating Committee.</p>	<p>Should be act in accordance with the relevant letter.</p>

further notice. But, in contrary to that, the procurement committee of the District Secretariat had taken a procurement decision on 23 December 2020 to implement 14 new plumbing extension projects worth Rs. 254.4 million.

- (c) Although 04 cheques worth Rs. 35.4 million have been issued to the Manager (HRD) of Matara National Water Supply and Drainage Board for 09 projects related to a plumbing extension projects as at 31 August 2020, the 07 projects worth Rs. 33.8 million had not completed due to non-installation of drainage pipes by the beneficiaries as at March 2021. Only 30 percent of the project value was purchased for plumbing and accessories
- The Secretary to the Treasury was informed about the decision of the District Coordinating Committee. I will take appropriation action in this regard in future.
- Action should be taken to get appropriation action against such idle funds as well as to provide the benefits of those projects to the beneficiaries expeditiously.
- (d) Although the validity period of 09 performance bonds worth Rs. 3,844,624 related to total estimated value of Rs. 78.6 million 09 construction industries of Nilwala Eliya project were ranged from 02 months to 11 months, relevant construction industries has not been completed.
- The contractor has been instructed to extend the validity period of these securities.
- Procedures should be followed in accordance with the code of procurement guidelines.
- (e) The physical and financial progress of this project had been submitted by 31 December 2019 through the letter No. DSM/DPS/Nilwala/24/2019 dated 15 May 2020 addressed to the Ministry of Public Administration, Home Affairs, Provincial Councils and Local Government through the Matara
- This is due to pre-commencement of payments for projects implemented through the National Water Supply and Drainage Board.
- Action should be taken to mention the correct status in submitting progress reports and to complete these projects expeditiously.

District Secretary. It was stated that there are bills worth Rs. 400.55 million for 48 industries as cash bills which show 100 percent physical progress and requested for the relevant imprest. However, there is no any physical progress related to that presented bills of industries worth Rs. 329 million.

- (f) Although bids have been invited for 05 industries to be implemented under the project by publishing a newspaper advertisement through the national competitive quoting system. Later, procurement of those projects was canceled without commencement. Accordingly, there was an idle expenditure of Rs. 166,174 for the newspaper advertisements.
- This is due to the fact that the estimates have to be revised.
- Appropriation action should be taken on these idle expenses.
- (g) Out of 03 water supply schemes implemented in the Pitabeddara Divisional Secretariat Division in the Matara District under the Sinharaja special integrated rural development programme implemented with the allocations of the Ministry of Ports and Shipping, two projects worth Rs. 23.3 million had not been implemented by the audited date of 20 August 2020. Also, Rs. 10.4 million was paid to the National Water Supply and Drainage Board on 10 July 2019 and Rs. 14.7 million on 21 November 2019 without any agreement for the implementation of these projects.
- The National Water Supply and Drainage Board have been requested to complete these projects expeditiously and I will see the possibility of entering into agreements in the implementation of such projects.
- Action should be taken to complete these projects expeditiously.

### 3.6 Assets Management

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The following observations are made.

<b>Audit Observation</b>	<b>Comments of the Accounting Officer</b>	<b>Recommendation</b>
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(a) The Mahinda Wijesekara Stadium owned by the Matara District Secretariat was informally taken over by the Matara District Secretary from 22 May 2018 and the Matara District Public Service Sports Association was established and handed over to that association. Also, the allocated revenue of the stadium was not adjusted to the government revenue and it was credited to the bank account of the Sports Association.	I will take over this stadium back to the District Secretariat and credit the revenue to the government revenue.	To be act properly about government assets.
(b) Vehicle Utilization		
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(i) Other expense without driver's salary and allowances during the year was Rs. 462,580 and Rs. 393, 105 for 02 cabs out of 34 vehicles owned by 16 Divisional Secretariats and the number of kilometers covered was 5071 and 9220 respectively and the cost per kilometer was Rs. 91.22 and Rs. 42.64 respectively.	This is due to that, this vehicle is old and has a lot of damages and repairs.	Necessary action should be taken on old vehicles.
(ii) The District Secretariat and 16 Divisional secretariats had 11 three wheelers and Rs. 537,236 had been incurred during the year as expenses other than driver's salary and allowances. Out of that, 02 three wheelers were not used for any transportation during the year and as 02 three wheelers	Since the drivers are not specifically allocated, Office Assistants are deployed on the need of service.	If there are institutions that have a greater need to use these vehicles to get the maximum benefit, action should be taken to refer them to those institutions.

covered only 114 kilometers and 500 kilometers during the year, the cost per kilometer was Rs. 81.76 and Rs. 26.23 respectively.

### 3.7 Failure to reply Audit Queries

Audit Observation	Comments of the Accounting Officer	Recommendation
Answers for 10 audit queries submitted to the Matara District Secretariat and 06 audit queries submitted to 06 Divisional Secretariats had not been received by 29 March 2021.	I will reply immediately after obtaining the required information from various divisions and Divisional secretariats.	Action should be taken to submit answers in a timely manner.

### 3.8 Management Inefficiencies

The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) (i) Under the Head No. 194, provided for the Ministry of Sports amounting to Rs. 20 million and Head No. 219, provided for the Department of Sports Development amounting to Rs. 75 million for the development of infrastructure facilities of 38 volleyball courts and 02 public play grounds at a cost of Rs. 100 million was estimated under the Stadium Development Infrastructure Programme 2020. Out of these projects, there were no agreements for 14 projects which were scheduled to be completed in 2020 until 17 November 2020	This was due to the prevailing Covid-19 epidemic.	Should be act in accordance with the agreements.

and revised locations for 06 projects had been identified and submitted for approval. No further work had been done on 02 projects. Out of these, 10 projects belonging to 3 categories had not been completed by the audit date of 17 November 2020, but had not complied with the terms of the agreement 6.4.

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| (ii)  | Validity period of the DSM/DPS/VB/B batch performance bond has expired on 30 September 2020, but it has not been extended.  | When the bills are paid, the value of the performance bond is deducted and accounted in the General Deposit Account.                 | Action should be taken to extend the term of performance bonds in due course.                 |
| (iii) | Contrary to the procurement process and without contract, there was a construction site at Makandura Danny Hiththetiya playground, Akuressa Ellewela Junior School playground, Dickwella Walasgala volleyball ground and Yatiyana Wireless estate.  | There was no answer.   | Should be implemented project implementation procedures properly.                             |
| (iv)  | Although a long jump pit had been constructed at a cost of Rs. 898,582 through the allocated amount of Rs. One million for the development of the playground of Mara/ Kirinda Puhulwella Maha Vidyalaya in the year 2019 that cost had been idle due to the planning division of the District Secretariat had built up a day/night volleyball court at a cost of Rs. 2.16 million. After the completion of the project, the procurement process as well as pre-investigation reports and feasibility reports were obtained. | Relevant pre-investigation reports have been submitted with the work done during the inspection by the Economic Development Officer. | Steps should be taken to maintain the correct methodology for the implementation of projects. |

- (v) Prior to the implementation of both the Puhulwella College playground and day and night volleyball ground projects, the approval of the principal and the zonal Director of Education had not been obtained and although the projects had been completed, they had not been formally handed over to the principal. Relevant approvals have not been obtained as it is a resolution decided by the District coordinating committee. Should be given priority to the needs of the projects and taking action to implement them.
- (vi) According to the report of the technical officer who supervised the project of developing the volleyball court at the Muruthamura public ground, the projects was requested to be dismantled, but 23.56 square meters had been measured without paying attention to it and according to subject No. B<sub>4</sub>, 50.55 cubic meters had not been buried when making a net. The project has been dismantled and only a share payment has been made. Action should be taken to rectify these shortcomings.
- (b) When paying for the driving licenses of the Matara District Secretariat Motor Traffic Office to the bank, one driving school had illegally obtained Rs. 649,200, but no legal action had been taken in this regard and no action had been taken against the officials responsible for it. A case has been filed against the driving school in this regard. Action should be taken to strengthen the existing internal control.
- (c) Payment of Rs. 5,000 allowance by the Divisional Secretariats in the Matara District for families/ persons who have difficulty in maintain their livelihood due to the Covid-19 pandemic.

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| <p>(i) The Grama Niladhari of the Kithalagama East III Grama Niladhari Division of the Thihagoda Divisional Secretariat paid Rs. 5,000 allowances and sum of Rs. 116,700 elder allowances for 07 beneficiaries had not been given on due date. The signature list had been prepared stating that money withheld for a period of 56 days and 65 days respectively and relevant money had been duly paid to the beneficiaries.</p>   | <p>Formal disciplinary inquiries are underway against the accused officer.</p>   | <p>Action should be taken to monitoring and strengthening of internal controls to avoid such situations.</p> |
| <p>(ii) The Grama Niladhari of the Hulankanda Grama Niladhari Division of the Pasgoda Divisional secretariat had been prepared a false signature list stated for the payment of worth Rs. 20,000 to the relevant beneficiaries and withheld money in relation to sum of Rs. 15,000 for 03 beneficiaries and Rs. 5,000 for a deceased person.</p>   | <p>A formal disciplinary inquiry is to be initiated against this officer.</p>  | <p>Action should be taken to monitoring and strengthening of internal controls to avoid such situations.</p> |
| <p>(iii) Although the lump sum social benefits of Rs. 5,000 allowance to Samurdhi beneficiaries residing in a place other than their permanent residence on implementation of "Curfew" should be paid to a close relative living in the residence or credited to the beneficiary's member deposit account according to the written request of the beneficiary according to the circular No. DSH/HO/DG/Circular dated 16 April 2020 of the Director General of the Samurdhi Development Department; the</p> | <p>It was informed in April, these persons have not been living in the village and that the money had been paid as they had been living in the month of May.</p> | <p>Should be act in accordance with the circulars.</p>   |

Pasgoda Divisional Secretariat had not done accordingly. A sum of Rs. 150,000 had not been paid for 15 beneficiaries in 03 Grama Niladhari Divisions for the months of April and May as per the circulars.

- (iv) The allowance worth Rs. 155,000 due for the month of April had not been paid and only the amount relevant for the month of May had been paid for 31 Samurdhi beneficiaries in 07 Grama Niladhari Divisions. This was due to various reasons. Should be act in accordance with the circulars.
- (d) The Pasgoda Divisional secretariat had paid a sum of Rs. 30,000 to 06 public officers and retired public officers under the concessionary loan scheme for non-compliance with the circular provisions and the amount had not been recovered by the audited date of 31 March 2021. It was stated that the loan had been repaid subject to the loan terms based on the balance in the compulsory deposit account and action would be taken to recover it. Should be act in accordance with the circulars.
- (e) The agreement was signed for the agreement value of Rs. 5.9 million with a private company on 05 July 2019 for the construction of a concrete road under the Sinharaja Special Integrated Rural Development programme under the provisions of the Ministry of Ports and Shipping and the contract was to be terminated in accordance with the work agreement by 03 September 2019. However, as the contractor had not completed the work on that day, the validity period of the performance I will take action to recover this amount. Action should be taken to recover this amount expeditiously and appropriate action should be taken to complete the work of the abandoned projects which have not been completed.

security of Rs. 296,417 related to the contract as on 31 December 2019 and officers were unable to recover Rs. 130,998 from that. Therefore, the expenses of Rs. 475,146 paid to the contractor had been idle.

- (f) Out of the approved allocation of Rs. 1557.94 million, Rs. 300 million had been provided in the year 2019 under the Rural infrastructure development programme 2018 implemented by the Ministry of National Policies and Economic Affairs. The 02 advance bonds of Rs. 17.0 given by a agreed company for 03 road development projects under that provisions and 03 performance bonds of Rs. 5.9 million were proved to be fake and the project had been abandoned by the contractors. This was due to the failure of the responsible officials to pay attention and the Procurement and Technical Evaluation Committees not doing their responsibilities properly.
- Judicial action has been taken related to the investigation conducted by the Criminal Investigation Division.
- Action needs to be taken immediately in this regard.

#### 4. Achievement of Sustainable Development Goals

----- <b>Audit Observation</b> -----	----- <b>Comments of the Accounting Officer</b> -----	----- <b>Recommendation</b> -----
The District Secretariat had not paid due attention to the sustainable development agenda 2030 in the year 2020 as well. Based on the allocations received during the year, 3 Sustainable Development Goals were identified and the Sustainable Development Agenda 2030 did not focus on 14 objectives.	I will identify 14 objectives and prepare the Sustainable Development Plan in future.	Should be focus on achieving the Sustainable Development Goals.

## 5. Good Governance

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<b>Audit Observation</b>	<b>Comments of the Accounting Officer</b>	<b>Recommendation</b>
----- Although the citizen/ client charter should have been prepared and implemented as introduced in the Circular No. 05/2008 dated 06 February 2008 as amended by the circular No. 05/2018 (1) dated 24 January 2018 of the Ministry of Public Administration and Management, the Matara District Secretariat has not acted accordingly.	----- Arrangements have been made to prepare and implement it in future.	----- Should be act in accordance with the circulars.

## 6. Human Resource Management

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The following observations are made.

<b>Audit Observation</b>	<b>Comments of the Accounting Officer</b>	<b>Recommendation</b>
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(a) The approved number of employees as at 31 December 2020 were 1,733 and the actual number of employees were 1623 and 141 vacancies in the staff had not been filled and the excess staff of 31 had not been duly approved.	The Secretary to the Ministry has been informed about this.	Action should be taken to fill the vacancies and to regularize the surplus.
(b) A Human resource Plan had not been prepared as per the provisions of the Circular No. 02/2018 dated 24 January 2018 of the Secretary of Public Administration. Further, Annual performance agreements had not been signed for the entire staff as per annexure 1 of the above circular.	It was informed that a Human Resource Plan will be prepared and implemented in future.	Should be act in accordance with the circulars.