

Head 262 – Matara District Secretariat

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Matara District Secretariat for the year ended 31 December 2021 comprising the statement of financial position as at 31 December 2021 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 30 May 2022 in terms of Section 11(1) of the National Audit Act. The Annual Detailed Management Audit Report relevant to the District Secretariat was issued to the Accounting Officer on 20 May 2022 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 2021, 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 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 Responsibility 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

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

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

I express the following matters in terms of Section 6 (1) (d) 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

1.6.1 Accounting Deficiencies

- (a) Property, Plant and Equipment
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The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
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(i) A difference of Rs. 241,616,032 was observed when comparing the balances of 2 assets units mentioned in the financial statements at the end of last year with the opening balances in treasury table 82.	It was informed that necessary measures will be taken in future after discussing these balances with the treasury.	Should be identified and corrected the reasons for the difference.
(ii) According to treasury table 82, the non-financial assets purchased during the year amounted to Rs. 16,053,453 and the non-financial assets which were disposed during the year amounted to Rs. 73,629,876 were not included in the consolidated CIGAS report.	-Do-	All acquisitions and disposals during the year in relation to non-financial assets should be properly included in the CIGAS report.
(iii) It was observed that the information in the non-financial assets movement report was not correct due to the understatement of Rs. 2,883,229, non-indication the value of a vehicle of Rs. 6,600,000 and non-assessed the land size and value of Pasgoda and Matara 2 divisional secretariats as that	Action will be taken to correct in future and obtained assessment reports and entered.	Information should be entered in the non-financial asset movement report correctly.

the value of the water bowser which was Rs. 4,383,929 was indicated as Rs. 1,500,000 by the District Secretariat in the non-financial assets movement report submitted to the Comptroller General.

(b) Non-maintenance of Documents and Books

----- Audit Observation -----	----- Comments of the Accounting Officer -----	----- Recommendation -----
It was observed during the sample audit that the waiting list of quarters and vehicle log books to be maintained by the District Secretariat were not maintained regularly and up-to-date.	It was informed that these documents will be maintained correctly.	Action should be taken to keep these documents up-to-date.

(c) **Lack of Audit Evidences**

The following observations are made.

----- Audit Observation -----	----- Comments of the Accounting Officer -----	----- Recommendation -----
(i) Since the CIGAS accounting system has been updated to cover the process of obligations, liabilities as per paragraph 03 of Public Accounts Circular No. 255/2017 dated 22 April 2017, it was stated that steps should be taken to include information related to obligations and liabilities in the CIGAS programme. Accordingly, the CIGAS computer report issued by the treasury regarding the liabilities amounting to Rs. 561,152 as at 31 December 2021 was not submitted to the audit according to the financial statements submitted to the audit.	It was informed that since these problems have arisen due to technical errors in the CIGAS software system, it will be rectified in future.	Should be act as per the circulars.

- (ii) According to paragraph 04 of the above circular, in order to identify the amount of obligations and liabilities for each expenditure head on a particular day, the Public Accounts Department maintain a separate information system for that purpose in order to update the information system on a daily basis, each expenditure unit should report its obligations and liabilities on a daily basis and it was stated that the information should be uploaded to the website maintained by the Public Accounts Department. The information related to doing so by the District Secretariat and the Divisional Secretariat was not submitted to the audit.
- It was informed that since these problems have arisen due to technical errors in the CIGAS software system, it will be rectified in future.
- Should be act as per the circulars.
- (iii) According to paragraph 03 of the Public Accounts Circular No. 263/2017 dated 22 December 2017, the CIGAS programme has been introduced as those obligations, liabilities and expenditures can be accounted on a quarterly basis from the year 2018 in relation to the planning and implementation of the annual budget allocations on a quarterly basis. Accordingly, the report on quarterly obligations and liabilities prepared was not submitted for audit.
- It was informed that the activities did not implement as planned due to that the CIGAS software system did not operate directly through the internet.
- Arrangements should be made to submit these reports for audit.
- (iv) No information about the tractor which was parked in the district secretariat premises without protection and without use was submitted for the audit.
- It was informed that the information related to taking over the vehicle in the name of the Matara District Secretary will be searched at now and that the vehicle will be entered in the register after the takeover is completed.
- The management should pay attention to this and get proper action for it and maintain the information properly in the organization.

(d) Non-compliance with Laws, Rules and Regulations

Audit Observation			Comments of the Accounting Officer	Recommendation
Reference to the Laws, Rules and Regulations	Amount	Non-compliance		
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	Rs.			
(i) Gun Ordinance -----				
Section No. 22(2)(g)	-	The validity of a firearm license is revoked and the possession period is 10 days and the possession of the firearm for more than 10 days without a license is a punishable offense under the relevant Act., but 14 firearms owners in Matara district had not renewed their licenses for firearms within a period of 01 to 05 years by 10 February 2022, which was the date of audit and the unlicensed firearms had not been	It has been informed that the Superintendent of Police in charge of the division has been informed in writing and the Secretary of the Ministry of Defence has also informed the police headquarters and sent letters.	The authorities should be informed about firearms whose licenses have not been renewed and proper measures should be taken immediately.

returned, but no action had been taken in this regard.

(ii) Establishment Code of the Democratic Socialist Republic of Sri Lanka

Paragraph 4.4 and paragraph 4.5 of Chapter xxiv

87,852

Debt balances to be charged from an officer who was suspended in the Devinuwara Regional Secretariat and an officer who left the Kotapola Divisional Secretariat were not recovered and those loan balances remained unsettled for over 5 years. The provisions of the Establishment Code had not been acted accordingly in this regard.

It was informed that according to the instructions of the Attorney General, it has been decided to cut off these loan balances and accordingly it has been forwarded to the ministry for approval.

Should be act in accordance with the relevant sections of the Establishment Code

(iii) Financial Regulations of the Democratic Socialist Republic of Sri Lanka

- Financial Regulations 136,137,138 and 215 (1)

668,424

Due to that payment vouchers indicating estimated

It has been informed that after pointing out by the audit, instructions were given not to

Should be act in accordance with Financial Regulations.

values were make such prepared and payments in future. paid by 14 Divisional Secretariats, the value of liabilities to be indicated in the financial statements for the year was not properly indicated.

- Financial Regulations 1645(a) - Although the officer in charge of vehicles shall keep a vehicle log book in his office in the general form 267 for each vehicle in his charge and keep it up to date, no such action was taken in relation to 7 vehicles owned by the District Secretariat. It was informed that they will check and record the matters that have not been recorded. Should be act in accordance with Financial Regulations.

(iv) Public Administration Circulars

 Paragraph 3.1 of Circular No. 30/2016 dated 29 December 2016

- A re-fuel check should be carried out after a period of 12 months after each fuel inspection or after 25,000 km or after a Due to the prevailing Covid-19 situation, it was not possible to carry out such an inspection in the year 2021 and it was informed that it was not possible. Should be act in accordance with Circulars.

major repair of the engine, whichever occurs first and 15 out of 16 vehicles owned by the District had not been inspected.

(v) Other Circulars

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| <p>-----</p> <ul style="list-style-type: none"> • Circular No. 2,748,197
9/2008 dated 03
October 2008 of
the Director
General of
Pensions,
Circular No.
9/2008
(Amendment)
dated 30 March
2010, Circular
No. 9/2008
(Amendment II)
dated 17 July
2018 and
Pension
instruction letter
No. 6/2019
dated 09 May
2019 | <p>According to the sample inspection, 19 pensioners of 03 Divisional Secretariat offices of Matara District were overpaid in relation to the period from June 2014 to December 2021 due to non-payment of military service and disability pensions (59, 6).</p> | <p>It was informed that the divisional secretaries have been calculated the overpaid allowances and pensions and forward them to the pension department.</p> | <p>Action should be taken to recover the overpaid amount as per the circular and rectify this deficiency.</p> |
| <ul style="list-style-type: none"> • Paragraph 3 of Pension Circular No. 04/2011 dated 16 May 2021 and paragraph 3 of pension circular No. 13/2014 dated 03 November 2014 | <p>342,000</p> <p>Although when several pensions are drawn jointly, the interim allowance shall be given only to the joint pension, according to the sample inspection, two pensioners</p> | <p>It was informed that all the divisional secretariats have been informed to act according to the circular.</p> | <p>Action should be taken to recover the overpaid amount as per the circular and rectify this deficiency.</p> |

of 02
Divisional
Secretariats
were overpaid
as inter-
allowances
under
dependency
allowance (4)
and military
service widow
pension (40).

- Paragraph 10.1
of the Ministry
of Defence
Secretary's
Circular No.
6/2020 dated 26
August 2020

- Although information related to firearm license holders who fail to renew their firearm licenses within the prescribed period should be forwarded to the Superintendent of Police in charge of the relevant division to take legal action under the Firearms Ordinance and reported to the Secretary of the Ministry of Defence, the relevant information was not submitted to the Superintendent of Police of the division until 10 February

It was informed that the Divisional Superintendent of Police has been informed in this regard

The authorities should be informed about firearms whose licenses have not been renewed and proper action should be taken immediately.

2022, which was the date of audit.

Therefore, it was not possible to take the necessary legal action under the Gun Ordinance.

- Paragraph 3 of letter No. MOD/CFS/12/F A/14 dated 26 September 2018 issued by the Additional Secretary of the Ministry of Defence.
- Although the damaged or unusable firearms received at the District Secretariat should be forwarded to the nearest police stations and forwarded to the police field force headquarters for appropriate action, as the evaluation board recommended that 10 firearms received by the government in the years 2020 and 2021 should be destroyed, no appropriation action was taken in this regard until 11 February 2022.
- It has been informed that the Ministry of Defence has approved the hand over the currently storage firearms to the police field force headquarters.
- Appropriate action should be taken promptly for this purpose by working in accordance with the circulars.

(e) Abnormal Transactions

Audit Observation	Comments of the Accounting Officer	Recommendation
(i) The elevator installed at the Matara Divisional Secretariat at an expenditure of Rs. 3,835,015 remained inactive even by August 2022 and the retention money related to this project was also released. At present, the expenditure of Rs. 4,608,657 has been an ineffective expenditure under the condition that the service agency is defaulting on its responsibility.	It has been informed that the repair works have been completed by now.	Efforts should be made to restore this elevator.
(ii) It was observed that there was a deficit of Rs. 92,112 in the electricity bill and Rs. 24,823 in the water bills as at 31 December at the Matara fort Mahinda Wijesekara stadium belongin to the Matara Divisional Secretariat. The reasons for the outstanding amount in the electricity bill and water bill were not checked and settled.	It was informed that an explanations has been requested from the Water Supply Board regarding the increase in the water bill by such amount during the unused period and that there was arrears of electricity fee even when the stadium was taken over by the District Secretariat.	Reasons for outstanding water bills and electricity bills should be investigated and resolved promptly.

2. **Financial Review**

2.1 **Imprest Management**

Audit Observation	Comments of the Accounting Officer	Recommendation
An allocation of Rs. 8,138,542,000 was requested for the year under review and an allocation of Rs. 5,589,488,000 was received. The imprest received was Rs. 2,549,054,000 less than the	It was informed that this is beyond the control of the institution and this situation has arisen during the issuance of the imprest by the treasury despite the	At the time of the imprest requesting, the needs should be identified and efforts should be made to apply for the allocations and to use the received

requested imprest. It was in the range of Rs. 54,596,000 and Rs. 464,605,000 or 13 percent and 49 percent. request for provision. allocations efficiently.

2.2 Expenditure Management

The following observations are made.

Audit Observation -----	Comments of the Accounting Officer -----	Recommendation -----
(a) 16 percent to 92 percent of the total net allocation was saved without utilization in relation to 04 capital expenditure subjects.	It has been informed that the provision was saved due to matters such as most of the officials work from home, conducting more meetings through the internet.	Arrangements should be made to request allocations as per the need and utilize the received allocations efficiently.
(b) Allocations were transferred from 19 other recurrent expenditure subjects ranging from 3 percent to 52 percent due to the insufficiency of the estimated allocation in 08 recurrent expenditure subjects.	It has been informed that this situation was occurred due to the allocation of provisions in the revised estimates by reducing the amount requested in the annual budget estimate.	Action should be made to ensure adequate provision as far as possible while requesting allocations for expenditure subjects.
(c) Allocations ranging from 0.06 percent to 87 percent of those provisions had been transferred to other recurrent expenditure subjects due to non-utilization of estimated allocations in 19 recurrent expenditure subjects.	It was informed that savings were made through expenditure management and the remaining money was transferred for essential expenses.	-Do-
(d) An allocation of Rs. 23.68 million had been received in the year under review for the construction of the Pitabeddara Divisional Secretariat building under the subject of building and construction expenditure	It has been informed that this situation arose due to that the contractor who had signed the agreement had stopped the work in violation of the agreement.	Action should be taken to efficiently utilize the received allocations during the year.

and due to only Rs. 0.056 million were spent by the end of the year under review, Rs. 23.624 million was saved. There was a remaining allocation of 99.7 percent for the project. According to the progress report prepared at the end of the year under review, the physical progress was stated as 14 percent.

- (e) An allocation of Rs. 29 million had been made by the building and construction expenditure subject for the construction of Malimbada Divisional Secretariat building and only Rs. 0.793 million had been spent at the end of the year under review. A saving of Rs. 28.21 million was observed, which was 97 percent of the allocation for the project.
- It was informed that the construction could be completed due to the delay in the procurement as the corona situation, the revision of the estimates as increase in prices and the reluctance of contractors to submit bids.
- Action should be made to efficiently utilize the received allocations during the year.
- (f) Under the subject of building and construction expenditure, a total of Rs. 13 million was allocated for the construction of the Dickwella Divisional Secretariat building and connecting the old and new buildings and an allocation of Rs. 15 million for the installation of elevators in Thihagoda, Malimbada and Dickwella Divisional Secretariats and no expenditure was
- It has been informed that the construction work could not be carried out due to the contractor stopping the work in the mid of work (for reasons such as non-payment of advance).
- Do-

incurred during the year under review.

- (g) A provision of Rs. 20 million was received under the subject of building and construction expenditure for the construction of the Akurassa Divisional Secretariat building and the incurred expenses were only Rs. 0.449 million. A provision of Rs. 19.551 million was saved, which was 98 percent of the received provision for the project.
- It has been informed that the construction was stopped due to the decision of the cabinet of ministers to stop the construction work due to the delay in completing the basic work even though the provision has been received.
- Do-

2.3 Utilization of provisions made available by other Ministries and Departments

Audit Observation	Comments of the Accounting Officer	Recommendation
<p>29 ministries and 21 departments had received a total as Rs.4,912,930,259 as Rs.3,580,885,348 and Rs.1,332,044,911 respectively by the end of the year under review and out of that, Rs. 2,991,952,851 and Rs. 1,210,090,233 had been utilized respectively. Accordingly, Rs.588,932,497 and Rs.121,954,678 were saved respectively and the percentage was 16 percent and 9 percent respectively.</p>	<p>It was informed that this happened because the treasury did not provide sufficient imprest for this purpose even though line ministries allocated this money.</p>	<p>Arrangements should be made to utilize the received allocations as much as possible.</p>

2.4 Deposit Balances

Audit Observation	Comments of the Accounting Officer	Recommendation
----- Regarding the balances related to 290 deposits which exceeded 02 years totaling Rs. 69,576,920, the Financial Regulations 571 had not been followed. Out of which 22 deposits amounting to Rs. 8,110,371 had exceeded 05years.	----- It was informed that it was not possible to settle these deposits due to insufficient funds, project-related audit queries, non-submission of vouchers due to deficiencies in files.	----- Should be act in accordance with Financial Regulations.

2.5 Operation of Bank Accounts

Audit Observation	Comments of the Accounting Officer	Recommendation
----- There were 56 cheques worth Rs. 3,444,830 which were issued on 31 December 2021, but remained unpaid on 04 May 2022 due to non-compliance with Financial Regulations 136,137,138 and 139.	----- It has been informed that these cheques have been processed as per the Financial Regulations.	----- Financial Regulations should be followed and attention should be paid to Financial Regulations 237 while writing cheques.

3. Operational Review

3.1 Projects that have not been commenced

Audit Observation	Comments of the Accounting Officer	Recommendation
----- Under the “Saubhagya” villages 2021 programme, the Pitabeddara Divisional Secretariat had planned to implement the Kithul-related production project in the vicinity of Kalubowitiya village under the allocation of Rs. 2,185,044, but the project had not commenced even by December 2021.	----- Although these purchases were delayed due to shortage of equipment, it was informed that they have been distributed by now.	----- Actions should be taken to avoid these delays and utilize the provisions in the most efficient manner and provide benefits to the beneficiaries promptly.

3.2 Assets Management

Audit Observation	Comments of the Accounting Officer	Recommendation
A three wheeler belonging to the District Secretariat was parked idle in the office premises without repair and disposal of dilapidated vehicles in government institutions had not been act as per Ministry of Finance Circular No. 02/2015 dated 10 July 2015.	It has been informed that after obtaining the approval of the Secretary to the ministry, it will be transferred to Probation Department of the Southern Province.	Action should be taken promptly as per the circular.

3.3 Losses and Damages

The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) A balance of damages and losses of Rs. 181,867 indicated as damages for further action in the financial statements has been recovered from the culprits and approvals have been obtained to cut off from the books etc., but it had not been acted upon till 31 August 2022.	It was informed that the proceedings related to this balance have not been completed yet and that it will be acted in relation to this balance after the completion of the proceedings.	It was informed that other balances will be cut off from the books in future.
(b) A damages and losses balance of Rs. 47,550 had been entered in the damage and loss register of the year under review, but it had not been submitted in the financial statements and no further action had been taken regarding the said damages and losses as per the Financial Regulations.	It was informed that these damages, which could not be included in the final account of 2021, will be act in accordance with Financial Regulations.	All damages and losses should be disclosed in the financial statements and act promptly in accordance with Financial Regulations.
(c) It was observed that there were 2 damages and losses in the years 2019 and 2021 related to a divisional secretariat which were not included in the financial statements during the inspection of the files maintained in the District Secretariat regarding the losses and damages.	It has been informed that the deficiencies in the files will be rectified and steps will be taken to proceed according to the Financial Regulations.	Damages and losses should be act in accordance with Financial Regulations and should be included in the financial statements.

3.4 Failure to reply Audit Queries

Audit Observation	Comments of the Accounting Officer	Recommendation
The 2 audit queries submitted to the Matara District Secretariat had not been answered by the date of audit, which on 31 August 2022.	It has been informed that the observations for these audit queries have been called and the answers will be submitted after they are received.	Arrangements should be made to submit answers to audit queries within the prescribed periods.

3.5 Management Inefficiencies

The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) Under the Gamperaliya rural development programme implemented in the year 2019, Samagi Mawatha 4 th cross lane was constructed at an expenditure of Rs. 471,679, but the road is flooded with rainwater during the rain due to the lack of a drainage system due to not being prepared to suit the needs of the residents and no action was taken by the responsible institutions to drain this water.	It has been informed that a resident of this lane has submitted letters informing the concerned institution on various occasions.	Attention should be paid to the alternative measures that can be taken to remove the inconvenience caused to the residents through this during the rainy season.
(b) An officer, who was appointed to strengthen the Divineguma business associations in the Divineguma Development Department and coordinate the marketing development programmes through those associations and the development of marketing development programmes through electronic / computer technology, had been appointed for the task of supervise the internal audit activities of all the districts of the Southern Province of the Divineguma Development Department from 2 March 2020 and his place of work had been the Matara district welfare office as per his request. Although this officer had no formal letter of appointment and no specific	It was informed that the answers related to this paragraph do not under the purview of the District Secretary.	Appropriate measures should be taken to streamline the duties of this officer.

assignment of duties and although he was appointed to perform duties for the Southern Province, the purpose of this appointment was not fulfilled by limiting his duties only to Matara district.

(c) Public infrastructure development project of “Saubhagya” production villages operating within the jurisdiction of Dikwella Divisional Secretariat

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|------|---|--|--|
| (i) | Kottagoda mackerel and dried fish products industry building construction which had been approved Rs. 6,000,000 had been contracted with 2 rural development societies on 16 December 2021 to complete this project under 2 phases. Only 24 concrete pillars had been erected to the foundation of the building until the audit physical inspection on 23 February 2022 and it was observed that the wires used for the poles were corroded. No agreements had been made to extend the date for the completion of the contract at the time of the audit. | It was informed that due to the lack of construction materials in the market due to the crisis situation in the country, the lack of time and no approval has been received for the year 2022 as an undivided project. | Action should be made to complete these activities promptly and make them usable for the people. |
| (ii) | An agreement was entered with a community development society to carry out the road development project leading to the Malpura cemetery at an estimated amount of Rs. 309,532. According to the audit physical inspection of the road. Expansion joints should be applied every 3 meters according to the estimate work subject number 4 of the 38 meter long road, but only 3 extension joints were used for this road. According to the estimate, the concrete blocks were not tested and the height of the road was supposed to be 150 mm, but the road was built in such a way that it was low in the middle. | It was informed that money was allocated in the bill only for 4 expansion joints and that due to the rain; the surface of the road has been changed due to the tarpaulin that was placed to protect the surface of the road. | Action should be made to complete these activities as per the estimate and if not, appropriate action should be taken. |

- (iii) Although a contract was signed with a community development society on 15 December 2021 for the project of setting up the drain system from Godellawaththa to Peththare road at a value of Rs. 487,790, the project, which was supposed to be completed before 25 December 2021, had not been completed by the time of the audit physical inspection on 24 February 2022. It was observed that the road was cut in the middle of the road and only wires were used for the construction of the related drain and the wires were getting rusted and that the drain in the middle of the road was a hindrance to the passengers.
- It was informed that due to the crisis in the country, it was not possible to complete the work of the project due to the difficulty in procuring construction materials.
- Action should be made to complete these activities promptly and make them usable by the people.
- (iv) A community development society was contracted to complete the project of constructing a new building for the clay industry at a value of Rs. 757,160 and although the contractor had informed in writing that the work on the projects would be completed by 28 December 2021, it was observed that there were still unfulfilled work by the time of the audit physical inspection in 24 February 2022. According to the estimate subject number G1, it was estimated Rs. 195,448 to complete the roof using roofing sheets and imported wood, but again it was estimated to be Rs. 106,212 for the wall plate as work subject number G 2. According to the subject number G 2, 04 wall plates (5x3) were to be constructed, but only 2 were constructed. As per estimate subject No. G 1 imported wood as not double coated with black or brown wood preservation.
- It was informed that the omission that occurred during the preparation of the estimate was corrected and the estimates were prepared again and that the payment would be made after reducing the extra measurements made during the payment of the bill.
- Arrangements should be made to complete the outstanding works expeditiously and take necessary action in payment of the contract for the outstanding work as per the estimate.

- (d) Although it was stated as “the rights to all minerals on the land and its surface and right to dig, search, deal and dispose of such minerals are reserved to the government” according to the grants granted by the government and reservation paragraphs of the transfer deed regarding the mineral resources existing in the land, permission had been given to private applicants for quarrying granite in 5 plots of land with government grants in Akuressa Divisional Secretariat. If the title held by the government is given to another person, the divisional secretariat should have taken steps to collect some fee from the government regarding the land, but it had not done accordingly.
- The Land Commissioner’s office has asked for advice on this, but no reply has been received yet and it has been informed that the matter will be dealt in future according to the circular of the Land Commissioner General’s Department.
- Appropriate action should be taken as per that section.
- (e) According to the conditions imposed in the mining permit issued by the Bureau of Geological Survey and Mines, the unstable boulders on the excavation face and the rocks from previous blasts should be removed before re-blasting, the height of one floor in the form of excavation floors should be 10 meters, a 5 meter strip of ground around all the borders of the land should be left without digging while digging, the boundaries of the land should be clearly marked by concrete pillars and maintained until the end of excavation, the stones should be well covered during the transportation of granite and the excavation site should be maintained as there are no water pits where mosquitoes can breed and although it was stated that personal protective equipment should be provided for the employees and they should be followed while working, the quarry owners who were subjected to audit physical inspection in Matara, Hakmana, and Akuressa divisional secretariats continued to issue mining permits when those conditions were not properly fulfilled.
- It has been informed that replies will be submitted after observation from the relevant institutions.
- Proper attention should be paid to this while issuing recommendations for issuing mining permits

- (f) Although the quarry operated on the government land called Eranavilahena in the domain of Grama Niladhari 368 B Dola Mawatha in Akuressa Divisional Secretariat had been operated for almost three months without any license or permit, the attention of the responsible officials was not drawn. The Geological Survey and Mines Bureau had not obtained the industrial mining license, the environmental protection license from the Central Environment Authority and the explosives permit issued by the district explosives controller had not been obtained for the granite mining activities by June 2022, which was audited. At the time of the audit, it was observed that granite stone had been excavated at that location and it was observed that there was a stone grinding machine, 02 excavator machines and a compressor machine and the stone mill was also in working condition.
- It has been informed that the Bureau of Geological Surveys and Mines and the Central Environmental Authority can take legal action on this matter.
- The attention of the responsible officials should be drawn in this regard and the relevant parties should be informed about this and proper measures should be implemented.
- (g) The original owner of the Asmagoda Hiruwalahena land in the Akuressa Divisional secretariat had requested to start a quarry in the year 2005 and the Central Environmental Authority, Assistant Explosives Controller and the regional environmental officer had submitted written submissions that the quarry was unsuitable to operate. Permission was requested to start a quarry again in the year 2017 and regardless of the previous damaging situation, the Geological Survey and Mines Bureau had issued the mining permit for stone quarrying from the year 2018 and the excavation work had been carried out. The Central Environmental Authority had not issued any permits for this since the year 2005 even by the audit date of 06 December 2021 and according to the complaint sent to the President by the villagers of Henegama on 16 December 2020, it was stated that the necessary further work for the quarry would be carried out only if the recommendations made during the field inspection conducted by the Central Environmental Authority officials and other officials were implemented, but it was
- It has been informed that observations have been called from the Bureau of Geological Survey and Mines and the Central Environmental Authority for this purpose.
- Before making recommendations for the issuance of such licenses, attention should be paid to the fulfillment of the conditions set by the relevant institutions and appropriate measures should be taken regarding the maintenance of these quarries.

not confirmed that those recommendations have been fulfilled even by the audit date of 12 January 2022.

(h) Sapirigamak Development Programme – 2020

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| <p>(i)</p> | <p>The Devinuwara Divisional Secretariat had entered into a memorandum of understanding with the Devinuwara Pradeshiya Sabha for the development of the Samagi Mawatha side road in the Naotunna South village officer's domain under the Devinuwara Divisional Secretariat and according to the contract agreement; the contractor had not completed and handed over the work of the project by 21 October 2021. The Devinuwara Pradeshiya Sabha had submitted a payment bill worth Rs. 1,428,300 to the Divisional Secretary regarding the completion of the project on 16 December 2021. The Pradeshiya Sabha shall demarcate and prepare plans for roads and narrow lanes and publish a list of names in the gazette in terms of section 24(1) of the Pradeshiya Sabha Act No. 15 of 1987 and although all the roads or narrow lanes owned by the Pradeshiya Sabha shall be included in the road inventory after proceeding in accordance with the provisions of sections 24(3) and 24(4), the Divisional Secretariat had contracted to use government funds to develop roads in a private land without complying with those provisions.</p> | <p>It has been informed that the Pradeshiya Sabha has informed that it has not been possible to complete the work yet as it will expend a lot of money to prepare the necessary survey plans.</p> | <p>When carrying out road development work, the contract should be entered after confirming that the development of roads belonging to the Pradeshiya Sabha is carried out in accordance with the Pradeshiya Sabha Act.</p> |
| <p>(ii)</p> | <p>Accordingly, it was observed that the Pradeshiya Sabha has submitted bills totaling Rs. 1,152,676 for the unauthorized constructions which were not parallel to the existing road in the private lands for the work subject number 1 to 12; government</p> | <p>There were no comments.</p> | <p>Appropriate action should be taken in this regard.</p> |

funds have been provided an opportunity to incur informal and illegal expenses through that.

- (iii) Under work subject number 13 of the estimate, expenses bills amounting to Rs. 271,425 were submitted for the removal of concrete blocks and according to the laboratory test reports; it was observed that the blocks laid on the road were not in the required standard. Accordingly, it was observed that the bills required to be paid for the work not performed by the contractor with the prescribed standard have been prepared by the Pradeshiya Sabha and submitted to the Pradeshiya Sabha Secretary.
- It has been informed that instructions have been given to the district engineer regarding these payments.
- Appropriate measures should be taken in this regard and attention should be paid to this while making payments.
- (i) The rural playground development project implemented by the State Ministry of Rural and School Sports Infrastructure promotion in the year 2021
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- (i) A dateless agreement of Rs. 1,914,323 was entered with a farmer's organization for the development of the Radawela Horamulla playground implemented by the Mullatiyana divisional secretariat. The land was being developed for the construction of the playground without complying with the conditions and recommendations to be followed while developing the land in this project in accordance with the letter No. LD/472 dated 19 October 2020 addressed to the Assistant Commissioner for Agriculture Development, Matara by the General Manager of the Sri Lanka Land Development Corporation and the letter No. 7/11/19/MA/251 dated 24 November 2021 of the Commissioner General of Agricultural Development.
- It was informed that sufficient provision had been given to prepare the playground and since the provision was not sufficient for the construction of the post conservation embankment, this has been referred under the 2022 budget proposal.
- Proper action should be taken in this regard.

- (ii) According to the guidelines mentioned in annexure 04 of the letter No. SMRSSII/DD/07/RSO-2-1 dated 05 March 2021 of the Secretary to the State Ministry of Rural and School Sports it should be used labor in the local government for the infrastructure Promotion, land preparation, soil, gravel and gravel transportation and although it was ordered that only the expenditure of the fuel used for that should be included in the estimate, instead of complying with that, the work of the project was assigned to a farmer's organization and they were estimated to pay Rs. 1,941,323 for the completion of the work.
- It was informed that this decision was taken due to the lack of available resources of the local government.
- Action should be taken to act in a circular manner.
- (iii) According to article No. 05 of the guidelines, it has been ordered that the playground should be developed so that it can be used in general for the sports that must be developed in the playground premises, but in accordance with that, it was observed during the audit field inspection that the work subjects required for the construction of the playground had not been included and the estimates had not been prepared and that the primary purpose of the project was only to fill the ground with soil.
- According to the need of the place, the playground has been developed as it can be used in general and it was informed that the playground is currently being used by the local residents.
- Action should be taken to act in a circular manner.
- (iv) Accordingly, it was further observed that this project is not being implemented in accordance with the relevant guidelines and that the responsible officers of the Divisional Secretariat have not acted in accordance with Financial Regulations 128 (1) (j).
- It is informed that this project has been implemented as per the relevant guidelines.
- Appropriate action should be taken in this regard.
- (j) Rs. 1,321,516 had been paid in the year under review according to a memorandum of understanding between the Mulatiyana Divisional Secretariat and the Mulatiyana
- It was informed that by now the soil has been removed and the playground has been
- Thus, action should be taken against the officials in connection with the

Pradeshia Sabha for the development of the Parapamulla East Dugahamaliththa playground as a volleyball ground. The net cover built to cover two sides of this playground was submerged 1.65 meters from the surface of the ground and the playground was unusable due to the related drain and non-installation of volleyball posts as per estimates. As a result of this, due to the Pradeshia Sabha has decided on 21 October 2021 to spend Rs. 1,250,000 from the Sabha fund with stating that it will expend Rs. 900,000 more to develop the playground as volleyball can be played, it was observed that Rs. 1,321,516 paid by the Divisional Secretariat for the project had been actual expenses. However, 6763 cubic meters of soil cut and removed during the preparation of the playground was dumped in an informal manner and piled up from a distance of about 40 meters on the playground itself and due to landslides due to the rain, the soil had been washed away, causing damage to the surrounding government and private lands.

leveled and made suitable for playing and local residents and school students play in here. The sloping area of this playground for the proposed programme had been selected to be implemented by the forest department in the year 2022 under the supervision of land use officers to prevent soil erosion.

actual spending of the provisions and the playground should be made in a usable condition as soon as possible.

- (k) Projects implemented in Vidatha resources centers under the allocation of Rs. 52,123,045 from the State Ministry of Cane, Brass, Clay, Wood and Rural Industries Promotion

(i) Although the objective of the project is to create entrepreneurs, according to the progress of the projects implemented in Vidatha resources centers as at 31 December 2021, not a single entrepreneur had emerged in 90 Grama Niladhari domains out of 430 Grama Niladhari domains in 10 divisional secretariats in Matara district.

Various reasons were given for the non-appearance of any beneficiary.

Action should be taken to work towards the achievement of the objectives of the project.

(ii) The number of approved beneficiaries in the 16 Divisional Secretariats was 625 and although machinery was purchased for 418 beneficiaries, a total of 255 equipments were not distributed as at 31 December 2021.

It was informed that this was due to the lack of such machinery in the market at that time.

Arrangements should be made for distribution of these equipments as soon as possible.

- (iii) Although the objective is to create new rural industries as per circular No. 3/2021 and letter No. SMRIP/DEV/VY/10/03/2021(Public) of the Secretary to the State Ministry of Cane, Brass, Clay, Wood and Rural industries dated 25 February 2021, 19 out of the 22 beneficiaries selected by the Matara Vidatha center without complying with that were currently running those business. Also, according to the above letter, the beneficiaries who are engaged in the industries such as garments, food production, mushroom growing etc. should not be selected, but the Grama Niladharis of 03 divisional secretariats had selected 14 beneficiaries in 14 domains without complying it.
- Although it was mentioned in the circular, it was informed that after submitting the beneficiary requests to the ministry, the approval was obtained and the projects were implemented.
- Action should be taken to act in a circular manner.
- (iv) According to 2.5.1 (a) of the Code of Government Procurement Guidelines, members of the procurement committee are collectively and individually responsible for ensuring that funds are received for the procurement process contemplated by them, but due to non-availability of provisions, the total in two divisional secretariats of Matara and Akuressa is Rs. 4,643,834 total of 40 unpaid bills as at 31 December 2021 were in the custody of the officer-in-charge. Out of that, goods worth Rs. 1,969,169 related to 21 bills were received at the divisional secretariats and districted to the selected beneficiaries. The goods ordered for the remaining 19 bills had not been received by the divisional secretariats by the audit date of 23 March 2022.
- There were no answers.
- Arrangements should be made to deliver goods promptly to these beneficiaries and to pay money promptly to the suppliers.

4. Sustainable Development Goals

The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
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(a) The District Secretariat did not pay proper attention to the sustainable development agenda 2030 in the year 2021 in examining the readiness to reach the objectives and goals to be achieved according to the United Nations Sustainable Development agenda 2030. Based on the allocations received during the year, 6 sustainable development objectives were identified and according to the sustainable development agenda 2030, no attention was paid to 11 objectives.	Although 17 objectives were introduced, it was informed that these objectives are subject to certain limitations as the projects are implemented based on the allocations provided by the line ministries.	Attention should be paid to this.
(b) Targets, based data, milestone to be achieved and indicators to measure progress regarding the 06 identified objectives were not identified.	-Do-	Action should be taken to identify targets in accordance with relevant guidelines and measure progress accordingly.
(c) According to the circular of the Ministry of Sustainable Development and Wildlife No. MSDW/08/65 dated 27 April 2018; it had not referred to the Ministry of Sustainable and Wildlife with the nomination of two officials to coordinate the achievement of sustainable development at the institutional, provincial and national level according to a national level strategic management plan.	-Do-	These activities should be completed as per the circular.

5. Good Governance

Audit Observation	Comments of the Accounting Officer	Recommendation
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Even though the citizen/ client charter has been prepared and implemented as introduced by circular No. 05/2008 dated 06 February 2008 as amended by Ministry of Public Administration and Management Circular No. 05/2018 (1) dated 24 January 2018, the Matara District Secretariat had not acted accordingly.	It was informed that the citizen/ client charter for the year 2022 is currently being prepared.	Should be act in accordance with circulars.

6. Human Resource Management

The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
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(a) The approved number of employees was 1733, the actual number of employees was 1827 and 10 vacancies in the staff and 104 excess staff as at 31 December 2021 had not been formally approved.	This was informed to the State ministry of Home Affairs and Director General of Combined Services.	Action should be made to fill these vacancies and regularize the excess.
(b) According to provisions of the Circular No. 02/2018 dated 24 January 2018 of the Secretary of Public Administration, no human resource plan was prepared. Also, annual performance agreements were not signed as per the above circular for the entire staff.	It was informed that it was not possible to prepare and implement this plan due to the prevailing covid epidemic situation.	Should be act in accordance with circulars.
(c) According to Management Services Circular No. 4/2017 dated 20 September 2017, the staff changes due to recruitment, resignations, left from the service, dismissals, retirements and deaths of officers within one month of each quarter was not submitted to the Management Services Department.	It was informed that officials have been instructed to report these changes from the year 2022.	Should be act in accordance with circulars.