

**1. Financial Statements**

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**1.1 Qualified Opinion**

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The audit of the financial statements of the Polonnaruwa 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 Polonnaruwa District Secretariat was issued to the Accounting Officer on 31 May 2022 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 on 30 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 Polonnaruwa 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**

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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) 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 Non-compliance with financial statement circular provisions

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| Audit Observation                                                                                                                                                                                                                                | Comments of the Accounting Officer                                                                                                                     | Recommendation                                                                   |
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| Formats of SA71, SA81 and SA90, which are to be submitted with the financial statements in accordance with paragraph 3.1 of the Public Accounts Guidelines No. 2021/03 dated 26 November 2021, were not submitted with the financial statements. | It has been informed that financial statements will be presented in future in accordance with paragraph 3.1 of the Code of Public Accounts Guidelines. | Action should be taken as per the 3.1 of the Code of Public Accounts Guidelines. |

### 1.6.2 Accounting Deficiencies

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| Audit Observation                                                                                                                                                                                       | Comments of the Accounting Officer | Recommendation                                                                                         |
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| Although Rs. 107,489,611 should be indicated as the advance account balance in the statement of financial position, net assets were indicated as Rs. 13,787,542 due to indicating it as Rs. 93,702,069. | Agree with the audit observation.  | Settlement of various advances should not be deducted from the advance balance of government officers. |

## 2. Financial Review

### 2.1 Expenditure Management

| <b>Audit Observation</b>                                                                                                                                                                                                                                                                               | <b>Comments of the Accounting Officer</b>                                                                                                                                                                                                                                                              | <b>Recommendation</b>                                                               |
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| Although supplementary estimates should be adopted only for essential emergency expenses, provisions of Rs. 367,000,000 had been adopted under supplementary estimates for 3 expenditure subjects of the District Secretariat. The remaining provisions were ranged between 14 percent and 88 percent. | It has been informed that supplementary provisions have been allocated under expenditure subjects to pay allowances of Rs.2,000 to families who have lost their livelihood due to the Covid-19 epidemic, to buy paddy in the spring season and for the production and purchase of organic fertilizers. | Supplementary estimates should be adapted only to the extent planned and necessary. |

### 2.2 Incurring into Liabilities and Obligations

| <b>Audit Observation</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | <b>Comments of the Accounting Officer</b>                                                                                                      | <b>Recommendation</b>                                                                               |
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| According to Public Accounts Circular No. 255/2017(a) dated 27 April 2017, the amount to be paid for services should be recognized as liabilities, but an amount of Rs. 727,416 payable in relation to supplies and services was not recognized as a liability in the financial statements. Furthermore, the obligations of Rs. 3,508,875 to be paid by the District Secretariat for the provision of cleanliness and sanitation services were not identified and stated in the statement of liabilities. | It has been informed that financial statements will be prepared as per Public Accounts Circular No. 255/2017(a) dated 27 April 2017 in future. | Arrangements should be made for disclosure of liabilities in financial statements as per circulars. |

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

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| <b>Audit Observation</b>                                                                                                                                                                                                                                                                                                                                                                            | <b>Comments of the Accounting Officer</b>                                                                                                                                                                           | <b>Recommendation</b>                                                                                        |
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| (a) Soil filling and crushing was not done around two sides of the bridge of the LB 04 bridge and the small Varahena bridge built by the Higurakgoda Divisional Secretariat at an expenditure of Rs.3,385,751 under the Polonnaruwa District disaster mitigation project implemented by the Disaster Management Center.                                                                             | Provisions were not sufficient to carry out the work identified by the audit queries and it has been planned to use the direct allocation of Higurakgoda Pradeshiya Sabha                                           | Construction projects should be implemented and completed as the money of the government is not inactivated. |
| (b) 11 Societies and 45 societies had been identified as inactive in the first and second phase of the Grama Shakthi Janatha Viyaparaya in Polonnaruwa district respectively by the end of the year under review. The sum of Rs. 14,685,474 given for infrastructure development, capacity development and livelihood development funds for those societies remained inactive in the bank accounts. | It has been informed that arrangements will be made to transfer the money available in the accounts to the Divisional Secretary or to utilize the funds of those societies that can be brought to and active level. | Societies should be kept active and follow-up should be done regarding the utilization of funds.             |
| (c) Rs. 4,578,358 and Rs. 704,347 respectively given to the active societies of the first and second phase of the Grama Shakthi Janatha Viyaparaya were inactivated in the bank accounts.                                                                                                                                                                                                           | It has been informed that arrangements will be made to utilize the inactive funds.                                                                                                                                  | Follow-up process should be done regarding efficient utilization of funds.                                   |

## 2.4 Certification to be done by the Chief Accounting Officer/ Accounting Officer

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The Accounting Officer should certify the following matters in terms of provision set out in Section 38 of the National Audit Act No. 19 of 2018, but it had not been done accordingly.

| <b>Audit Observation</b>                                                                                  | <b>Comments of the Accounting Officer</b>                                              | <b>Recommendation</b>                                                         |
|-----------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------|-------------------------------------------------------------------------------|
| (i) Although the Chief Accounting Officer and the Accounting Officer should ensure that all audit queries | It has been informed that the answers to the audit queries will be provided within the | Should be followed the provisions of Section 38 of the National Audit Act No. |

are answered within a specified period as required by the Auditor General's Report, audit queries were not answered as per paragraph 3.9 of the report. specified time frames in future. 19 of 2018.

- (ii) Although the Chief Accounting Officer and the Accounting Officer shall ensure that there is an effective system for the proper execution of internal audit functions, that requirement was not fulfilled according to the observations mentioned in paragraph 2.6 of the report. I will provide answers in future. -Do-

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

| Reference to the Laws, Rules and Regulations                   | Amount<br>(Rs.) | Non-compliance                                                                                                                                                                                     | Comments of the Accounting Officer                                                                                                                                                                                                                                                                                                         | Recommendation                        |
|----------------------------------------------------------------|-----------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------|
| (a) Slaughter of Animals Act No. 29 of 1958 and No. 20 of 1964 | -               | Although the animals have to be transported in one day, Thamankaduwa, Welikanda and Medirigiriya Divisional Secretariats had issued 98 permits for the transportation of cattle as got a few days. | It has been informed that the Welikanda Divisional Secretariat has recorded the time of the relevant license and added a note as "Transport is valid only on that day" and the Medirigiriya Divisional Secretariat is conducting investigations and the Thamankaduwa Divisional Secretariat will be act to correct this mistake in future. | Action should be done as per the Act. |

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| (b) Paragraphs 4.5 and 4.6 of Chapter XXIV of the Establishment Code of the Democratic Socialist Republic of Sri Lanka and Public Finance Circular No. 5/2019 dated 27 June 2019. | 1,386,622 | The amount of Rs.225,075, Rs.753,509 and Rs.408,048 to be charged from two, three and one employees who left the service, died and suspended were not recovered according to the provisions of the Establishment Code.                                                                                                                                                                                                                                                   | It has been informed that further action will be done to recover the loan balances. | Action should be taken as per the Establishment Code.                                               |
| (c) Financial Regulations 396 (c) of the Code of Financial Regulations of the Democratic Socialist Republic of Sri Lanka                                                          | 1,183,346 | 63 overdue cheques from 26 June 2019 to 30 July 2021 were credited to the general deposit account and the bank reconciliation was settled.                                                                                                                                                                                                                                                                                                                               | It has been informed that agree with the audit observation.                         | Action should be taken as per the Financial Regulations.                                            |
| (d) Paragraph 8.5 of the circular issued by the Divineguma Development Department on the Divineguma Community Bank programme dated 03 January 2014.                               |           | A movable/ immovable property should be kept as collateral for loans between Rs. 250,001 to Rs. 1,000,000 in Welikanda and Dimbulagala Divisional Secretariats and those assets should be registered in the name of Samurdhi bank. But in Welikanda and Dimbulagala Divisional Secretariats, the assets held as collateral were given without registering the loans. Due to this, in case of default, the relevant assets could not be acquired in the name of the bank. | It has been informed that agree with the audit observation.                         | The relevant assets should be registered immediately by the bank without delay as per the circular. |

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| (e) | Section 6 of the Director General' Circular of the Divi Neguma Circular No. 2014/7 of the Divi Neguma Development Department. | 3,385,327 | Although the maximum limit that can be given for housing loan (Household Unit Loan) is stated as Rs.300,000, Rs.5,500,000 household unit loans by Rs. 500,000 were issued to eleven people in the years 2017 and 2018 at the discretion of the management. Rs. 3,385,327 of the amount to be recovered from those loans had been allocated as bad debts by the end of the year under review. | It has been informed that agree with the audit observation | Should be followed the instructions in the circular and necessary steps should be taken to recover the loan up to date. |
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**2.6 Transactions in the nature of frauds**

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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) From the financial fraud done by five Samurdhi officers of Elahera Divisional Secretariat, the outstanding amount of Rs. 652,167 to be charged from the relevant officers was not collected until May 2022.                                                                                                                                                                                                                                                                                                                         | The relevant officials have paid an amount of Rs. 1,758,450 and it has been informed that the way of recovery of the outstanding money has not been mentioned in the disciplinary order.      | Disciplinary actions should be taken for the officials who are responsible for recovering the money. |
| (b) Although the financial irregularity of Rs. 2,443,600 which had occurred during the payment of elderly allowances and kidney allowances during the period from 11 June 2018 to May 2021 at the Dimbulagala Divisional Secretariat, was recovered from the relevant officer, even if it is revealed to be an offense under first schedule to Chapter XLVIII of installment II of the Establishment Code ,but even though more than a year has passed, no formal disciplinary investigation has been conducted regarding that officer. | It has been informed that the basic investigation report and the draft charge sheet have been forwarded to the Director General of Combined Services for a formal disciplinary investigation. | Disciplinary investigations should be carried out without delay.                                     |



### 3. Operating 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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| Instead of 08 projects proposed to be implemented under the rural road development programme of Thamankaduwa Divisional Secretariat, 07 other projects had been completed. The action plan was not revised accordingly. | It has been informed that agree with the audit observation | Action should be done to revise the action plan. |

#### 3.2 Activities contrary to main functions

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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 allowance of Rs. 5,000 was paid to the families affected by the Covid-19 pandemic in two installments in the months of April and June 2021 as per the Additional Secretary to the Prime Minister's letter No. PTF/03/2021 dated 10 April 2021. In that, providing the relevant allowance for the successful recipients, the same allowance of Rs. 5,000 was also given to the multi-tasking development assistant trainees who are receiving a monthly training allowance of Rs. 22,000. Accordingly, payments of Rs. 4,190,000 had been paid for 421 families belonging to 19 banking associations in Polonnaruwa district. | It has been informed that the Director General of Samurdhi has not given instructions as not to give the allowance to families with multi-purpose development training assistants. | Arrangements should be made to provide the relevant benefits only to the families who have lost their income. |

### 3.3 Non- achievement of expected Outcome

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The following observations are made.

| <b>Audit Observation</b>                                                                                                                                                                                                                                                                                                      | <b>Comments of the Accounting Officer</b>                                                                                   | <b>Recommendation</b>                                                                 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|
| 496 Roofing sheets given to 37 beneficiaries and 189 cement slabs given to 15 beneficiaries under the Gamperaliya development programme -2019 implemented by the Dimbulagala Divisional Secretariat were alienated, sold and misplaced and 3,679 roofing sheets and 54 cement slabs given to 247 beneficiaries were not used. | The officials have been informed to follow up whether the goods given to the beneficiaries were used for the same purposes. | Beneficiaries should be selected with proper study while selecting the beneficiaries. |

### 3.4 Abandoned Projects without Completion

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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 contract for the construction of 28 guardhouses related to Hingurakgoda and Elahera electric fence was awarded for Rs. 22,949,234 and the work has supposed to be completed on 20 February 2021, but it was not completed by 25 February 2022. Also, the work amounting to Rs. 13,552,179 mentioned under 29 items in the quantity sheets had been abandoned without completion by the contractor. Due to this, the expenditure of Rs. 6,556,819 had been an inactive expenditure. Also, the abandonment had not been act in according to the terms of the agreement. Also, an overpayment of Rs. 2,074,645 had been paid to the contractor. The performance protection period had expired and there was no possibility to recover the loss for breach of contract due to non-extension of time. No disciplinary action was taken against to those responsible in this regard. | The contractor has been informed to complete the relevant works promptly and handed over them to the District Secretary. It has been informed that agree with the audit observation. | Arrangements should be made to fulfill the contract as per the agreement and otherwise, should be blacklisted. Action should be taken against to those responsible for not extending performance. |

- (b) Under the rural road development programme of the Higurakgods Divisional Secretariat, 06 development projects which had been constructed for a value of Rs. 6,848,004 had been not implemented by the date of audit on 10 March 2022.
- It has been informed that the work of 06 projects with a total contracted value of Rs. 6,848,004 has not been completed.
- Arrangements should be made to carry out the contracted work.

### 3.5 Delays in Project Execution

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 The following observations are made.

| Audit Observation<br>-----                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Comments of the Accounting Officer<br>-----                                                                                                    | Recommendation<br>-----                                                                               |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------|
| (a) Although the construction of 13 guardhouses around the Dimbulagala elephant reserve implemented by the District Secretariat is supposed to be completed on 30 January 2022, 8 items amounting to Rs. 3,422,064 in the quantity sheets had not been fulfilled by 28 February 2022.                                                                                                                                                                                                                                                                                                                            | The contract agency has been informed to complete the work promptly and hand it over and take necessary actions to extend the contract period. | Arrangements should be made to complete the project on the scheduled date according to the agreement. |
| (b) The project to develop 02 playgrounds in Wedikachchiya area, the construction of which was started by the village comparison programme 2021, should be completed on 25 December 2021 according to the agreement, but When non-completion of the work, it had been paid Rs. 4,486,004 for the final bill on the fraudulent recommendation as completed the work by the Technical officer. Also, 72 days have passed beyond the date of completion of the work by 08 March 2022, but the Medirigiriya Divisional Secretariat has not taken steps to reduce the late fees of Rs. 80,748 to be charged for that. | The money has been paid for the completion of the project with the aim of completing the project very quickly and enjoyment of the public.     | Disciplinary action should be taken against the officers who submitted false information.             |

### 3.6 Procurements

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The following observations are made.

| <b>Audit Observation</b><br>-----                                                                                                                                                                                                                                                            | <b>Comments of the Accounting Officer</b><br>-----                                                                                                                                                                  | <b>Recommendation</b><br>-----                                                |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------|
| (a) The Thamankaduwa nad Elahera Divisional Secretariats had not prepared a procurement plan as per the provisions of Section 4.2.1 of the Procurement Guidelines and as per the format indicated in paragraph 4.2.1 of the procurement manual.                                              | It has been informed that further work will be done in accordance with the provisions of Section 4.2.1 of the Code of Procurement Guidelines.                                                                       | Action should be taken in accordance with the Code of Procurement Guidelines. |
| (b) Although late fee of Rs. 1,067,937 should have been charged to the Divisional Secretary on non-completion of the construction of 10 Projects with a total allocation of Rs. 38,739,927 on the scheduled date as per the contract agreement, it had not been recovered as until May 2022. | It has been informed that it will be charged from the contractors and it will be further considered about contractors that it is not reasonable to charge late fees for reasons such as increasing material prices. | Arrangements should be made to charge the late fees as per the agreement.     |

### 3.7 Assets Management

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The following observations are made.

| <b>Audit Observation</b><br>-----                                                                                                                                                                     | <b>Comments of the Accounting Officer</b><br>-----                                                                                                                                                                                             | <b>Recommendation</b><br>-----                                                                         |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------|
| (a) 04 Vehicles belonging to the Welikanda Divisional Secretariat remained idle for more than 02 to 05 years without being repaired and use or disposed, if they could not be used.                   | It has been informed that further work will be done based on the recommendations given by the Survey board regarding the two motorcycles and the bowser and the recommendations given by the Social services Department regarding the tractor. | Should be repaired and used or disposed properly.                                                      |
| (b) Engineering materials worth Rs. 1,450,194 given to the District Secretariat by the Pibidemu Polonnaruwa project were not inventoried and that goods were stored idle in the District Secretariat. | The necessary arrangements are being made to include into the inventory books and these equipments are being used for office maintenance.                                                                                                      | Engineering materials should be inventoried and necessary steps should be taken to utilize idle goods. |

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| <p>(c) The National Housing Development Authority had paid Rs. 215,226 for 07 houses in excess of the assessed value as at June 2021 to the National Housing Development Authority for the houses given to the District Secretary on rent-free basis during the period from year 1983 to June 2021. The ownership of houses whose assessed value has been paid has not been transferred to the District Secretary and Rs. 69,998 was not recovered for the demolished house No. 6.</p>                                                     | <p>The housing Development Authority has been informed to hand over the ownership of the houses to the District Secretary.</p> | <p>Arrangements should be made to transfer the ownership of the houses for which the assessed value has been paid to the District Secretary and to recover the overpaid amount.</p> |
| <p>(d) Although the monthly house rent to be paid as per the agreement for 08 government houses given by the Housing Development Authority on rent-free basis to the District Secretariat and the Divisional Secretariat is Rs. 3,525, the District Secretariat had not maintained the relevant documents to identify the total amount of over the monthly rent sent to the Housing Development Authority due to send the total amount of Rs. 28,912 charged as monthly rent for those 08 houses to the Housing Development Authority.</p> | <p>Documents are currently being maintained.</p>                                                                               | <p>Monthly rent should be identified correctly and paid.</p>                                                                                                                        |

### 3.8 Losses and Damages

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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) Out of the amount of Rs. 206 million provided by the rice producers' cooperative society under the programme for the upliftment of small and medium scale mill owners implemented in the year 2019, Rs. 65.6 million to be charged yet was not recovered. In this regard, although the financial crimes investigation unit was informed on 24 August 2020, the amount was not recovered by May 2022.</p> | <p>It has been informed that Rs. 140.4 million has been charged and the Criminal Investigation Department has been informed about the remaining loan default.</p> | <p>Arrangements should be made to recover the money promptly.</p> |

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| (b) | Rs. 142,191,147 to be charged as fees of mineral collection in the government lands from 43 granite in 05 Divisional Secretariat Divisions was not collected.                                                                                                                                                                                                                                                                                                                                                           | The State's share has been collected by the Bureau of Geology and Mines as authorized by the Supreme court judgement.                                                                                                                                                                                   | Arrangements should be made to recover the relevant fees as per the schedule.                                                           |
| (c) | Out of the roofing sheets purchased by the District Secretariat and delivered to the Divisional Secretariats to be given to the beneficiaries under the 2019 Gamperaliya immediate development programme and Pibidemu Polonnaruwa district development programme, there were 864 damaged roofing sheets. It has been taken more than 3 years since they were purchased, but no arrangements have been made to return the sheets and get new sheets. The current market value of those roofing sheets was Rs. 3,554,345. | It has been informed that necessary arrangements are being made to get new roofing sheets from the supplier.                                                                                                                                                                                            | Should be taken action to recover the loss to the government by getting new roofing sheets from the supplier or by charging money.      |
| (d) | Although the third party insurance of the party who caused the accident had agreed to provide an amount of Rs. 100,000 for the loss of Rs. 250,000 due to the accident of a vehicle used by the Higurakgoda Divisional Secretariat occurred on 09 February 2005, it was not possible to recover the amount due to failure to collect the amount within the stipulated time.                                                                                                                                             | The Telecom company has informed to the District Secretary that the amount of Rs. 100,000 for the third party insurance coverage has not been given by the insurance company and the remaining value of the loss shall be paid by the private institution to which the driver of the lorry is attached. | Legal action should be taken against the officials who did not arrange to get the third party insurance cover with the stipulated time. |

### 3.9 Failure to reply Audit queries

| Audit Observation<br>-----                                                                                                | Comments of the Accounting Officer<br>-----                 | Recommendation<br>-----                                                                                                             |
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| One and five queries issued to the District Secretariat in the years 2021 and 2022 had not been answered by 21 June 2022. | It has been informed that agree with the audit observation. | Should be answered to the audit queries should be answered within the prescribed time frame as per the provisions of the Audit Act. |

### 3.10 Management Inefficiencies

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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) Due to 1,521,337 kg of paddy purchased by 44 mill owners under the programme of purchasing paddy through small-scale paddy mill owners for the 2019/20 Maha, 2020 Yala and 2020/21 Maha seasons through the divisional secretaries offices and not turning it into rice and giving it to the government, the amount to be charged to the government was Rs. 85,181,090. No action was taken to recover this money.                                                                                                                                                                                       | The mill owners have been informed to pay the value of the rice receivable to the government and legal action will be taken against defaulters.                            | Should be take immediate action to get the rice stocks receivable to the government or collect money for its value and legal action should be taken to recover money that it is overdue by more than 2 years. |
| <b>(b) Pensions</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                            |                                                                                                                                                                                                               |
| (i) If receive a government salary with cost of living allowance according to the pension circular No. 8/2010 dated 07 September 2010 and circular No. 1/2014 of January 2014, if a pension is also received during the period in which the salary is received, pension should not be entitled to cost of living allowance. On the contrary, there had been overpayments of Rs. 1,225,242 due to that Thamankaduwa and Elahera Divisional Secretariats had paid pension and cost of living allowance for six officers who were paid salaries and allowances by the Sri Lanka Army up to the age of 55 years. | It has been informed that overpayments will be recovered.                                                                                                                  | Action should be taken as per circulars and overpayments should be recovered.                                                                                                                                 |
| (ii) In payment of pension to a widow on remarriage, if 50 percent of the widow's orphan's pension is paid, although it should be 50 percent of all allowances paid                                                                                                                                                                                                                                                                                                                                                                                                                                          | It has been informed that the Thamankaduwa Divisional Secretariat has forwarded the relevant pension file to the Pension Department and the Elahera Divisional Secretariat | Should be recovered overpayments.                                                                                                                                                                             |

with pension, but regardless of that, a beneficiary who was getting pension from Thamankaduwa Divisional Secretariat, even after her marriage, did not calculate and recover the excess amount paid to her. Also after remarrying to the widow of a deceased war hero who has pensioned by Elahera Divisional Secretariat, that is, overpayments of Rs. 237,942 had been made for the period from 10 January 2019 to 30 September 2019.

- (iii) Although the salaries and allowances that were being given to a police sergeant driver who died due to terrorist acts have been stopped since 20 August 2019, widows and orphans were not entitled to pension by the Welikanda Divisional Secretariat.
- The office of the superintendent of police has not entitled the widow to salary and allowances. Accordingly, it has been informed that further work is being done in connection with the police headquarters.
- Arrangements should be made for immediate payment of widow and orphan pension.

**(c) Chargeable Money**

- I. Debt amounting to Rs. 93,553,053 to be charged from 3,224 individual accounts of 22 Samurdhi bank associations had turned into bad debt on 30 June 2021.
- It has been informed that the District Samurdhi Director (Act.) has reported that immediate steps will be taken to reduce the amount of bad debts.
- Issuing loans should be done considering with the objectives, need, ability to settle the loan, project feasibility etc. and follow up should be done and necessary steps should be taken to recover the loan.
- II. Arrears of house rent of Rs. 85,857 were to be charged from an officer who was residing in government house No. 01 of Grade III, belonging to Medirigiriya Divisional Secretariat.
- The Ministry of Culture has been informed to charge and send the house rent and penalty rent.
- Arrangements should be made to collect the arrears of house rent.



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| <p>III The Samurdhi Development Department had spent Rs. 185,355,000 from the funds available in Prajamula Samurdhi bank associations for relief steps and relief allowances for Samurdhi residents and low-income families affected by the Corona epidemic on the basis of reimbursement. Out of that, Rs. 182,834,000 had not been reimbursement.</p> | <p>It has been informed that Samurdhi Development Department will proceed to reimburse the amount to be received to Samurdhi bank as soon as it is allocated.</p> | <p>Samurdhi development Department should arrange to reimburse the relevant money.</p> |
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**(d) Performance of Land Sector**

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| <p>I. Among the 468 survey requests sent to the Survey Department from 2013 to 2021 for surveying by Elahera, Higurakgoda, Thamankaduwwa, Medirigiriya and Lankapura Divisional Secretariats, a total of 366 line drawings were no longer available.</p>                                                                                                                                                                                                                                                                                                                                     | <p>It has been informed that the survey requests will be aggregated at the domain level and sent back to the Survey Department by Higurakgoda, Elahera, Medirigiriya, Thamankaduwa and Lankapura Divisional Secretariats.</p> | <p>A formal arrangement should be made in consultation with the relevant institution to get the drawings promptly for the measurement requests.</p> |
| <p>II. Compensation had not been paid by 31 December 2021 for 391 plots of private land belonging to the Thamankaduwa Divisional Secretariat acquired for development purposes between 2016 and 2019. Interim order 38 (a) of the Land Acquisition Act No. 09 of 1950 had to be paid with interest of 7 percent per annum for the period from the date of publication in the gazette to the date of payment of compensation. The government had to bear unnecessary expenses and the owners of the lands were not able to get the benefits within the stipulated time during this delay.</p> | <p>It has been informed that after receiving provisions, compensation will be paid for the plots of land.</p>                                                                                                                 | <p>Arrangements should be made for immediate compensation.</p>                                                                                      |

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| <p>III. A land area belonging to the Elahera Divisional Secretariat has been declared as a national sanctuary and there was no attention paid to the land plotters who had already settled in those lands. No arrangements were made to hold land auctions for the 1,352 applications sent to the Divisional Secretary between 2019 and 2021 by the unauthorized residents in the said lands.</p> | <p>The Divisional Secretary has informed the Senior Superintendent of Survey to find out whether the Survey Department has done the surveying and demarcation as per gazette No. 14.5 of the year 2000. Also, it has been informed that letters have been sent seeking the approval of the Director General of Wildlife on behalf of the Land Kachcheri itself for these lands declared as a national sanctuary by the Director General of Wildlife.</p> | <p>Arrangements should be made to settle the matter with the Director General of Wildlife as soon as possible.</p> |
| <p>IV The leases that were forwarded to the Land Commissioner in relation to 12 lessees who had paid taxes amounting to Rs. 1,738,988 to Medirigiriya Divisional Secretariat for a period of 1-9 years have not been received till now.</p>                                                                                                                                                       | <p>It has been informed that inquiries have been made from the Land Commissioner General. Arrangements should be made to get the leases forwarded to Land Commissioner as soon as possible.</p>                                                                                                                                                                                                                                                          | <p>Arrangements should be made to get the leases forwarded to the Land Commissioner as soon as possible.</p>       |
| <p>(e) There were balances of Rs. 61,967,268 in 19,437 inactive bank accounts as at 30 June 2021 related to 22 Samurdhi bank associations in Polonnaruwa district. Necessary action had not been taken in this regard.</p>                                                                                                                                                                        | <p>It has been informed that agree with the audit observation.</p>                                                                                                                                                                                                                                                                                                                                                                                       | <p>Customers should be motivated to maintain inactive deposits as at active deposits.</p>                          |

**4. Good Governance**

**4.1 Rendering of Services to the Public**

The following observations are made.

| <b>Audit Observation</b>                                                                    | <b>Comments of the Accounting Officer</b>                                 | <b>Recommendation</b>                                            |
|---------------------------------------------------------------------------------------------|---------------------------------------------------------------------------|------------------------------------------------------------------|
| -----                                                                                       | -----                                                                     | -----                                                            |
| <p>(a) Compensations were not paid for 153 damages occurred in the years 2020 and 2021.</p> | <p>It has been informed that arrangements are being made for payment.</p> | <p>Immediate compensation should be provided to the victims.</p> |

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| <p>(b) Under the second phase of the recruitment of multi-tasking development assistants in Thamankaduwa Divisional Secretariat, out of 201 qualified applicants, out of 58 applicants who scored the highest marks between 29 and 50 marks, appointment letters were given to only 15 applicants and the remaining 43 awardees were those who scored between 6 and 28 score and the procedure for selecting the trainees was done without transparency.</p> | <p>The selection of awardees has been made by the Department of Multipurpose Development Task Force.</p> | <p>The selection procedure based on the interview marks should be done with transparency.</p> |
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**5. Human Resource Management**  
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| <b>Audit Observation</b><br>-----                                                                                                                                                                                                                                                           | <b>Comments of the Accounting Officer</b><br>-----                                                                 | <b>Recommendation</b><br>-----                                                                           |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------|
| <p>(a) There were 11 senior level vacancies, 14 tertiary level vacancies and 234 secondary and primary level vacancies in the District Secretariat and Divisional Secretariats at the end of the year under review. Also, the number of excess employees at the secondary level was 16.</p> | <p>It has been informed to the Management Services Department.</p>                                                 | <p>Work should be done to fill the vacancies in order to provide high quality service to the public.</p> |
| <p>(b) There were 66 vacancies of Samurdhi managerial posts in Polonnaruwa District Samurdhi offices and 25 of them were vacant for more than 07 years. 09 Samurdhi managers had been engaged to the acting positions for more than 05 years.</p>                                           | <p>It has been informed that the existing vacancies have been reported to the Samurdhi development Department.</p> | <p>-Do-</p>                                                                                              |