

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the District Secretariat, Monaragala 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 these financial statements of the District Secretariat, Monaragala was issued to the Accounting Officer on 30 May 2022 in terms of Section 11(1) of the National Audit Act, No.19 of 2018. The Annual Detailed Management Audit Report was issued to the Accounting Officer on 26 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 District Secretariat, Monaragala 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 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 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, Monaragala 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,

Monaragala 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

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 the Financial Statements

1.6.1 Statement of Financial Performance

1.6.1.1 Capital Expenditure

The following observations are made.

| Audit Observation | Comment of the Accounting Officer | Recommendation |
|---|--|---|
| (a) Although 04 expenditures of a capital nature totaling Rs. 2,330,016 incurred by the District Secretariat and the Madulla and Wellawaya Divisional Secretariats should have been brought to account under the building and constructions, those expenditures had been accounted for under capital assets rehabilitation and improvement. | Very limited amount of provisions had been allocated by the budget, 2021 for the acquisition of capital assets. Nevertheless, since it had been estimated to carry out this construction during the year and is a necessary task, it has been brought to account under the Object of capital asset improvement. Action will be taken to account for the value of these constructions under the value of property, plant and equipment. | Action should be taken to account for under the correct Object. |
| (b) Although provision of Rs.25,348,340 had been made for the purchase of 40 items under the Object of machinery and equipment, purchase of those items had been brought to account under the Object of furniture and office equipment. | Agreed. | Action should be taken to account for under the correct Object. |

1.6.1.2 Payment of Deposits

| Audit Observation | Comment of the Accounting Officer | Recommendation |
|--|--|---|
| Although the payment of deposits was Rs. 228,306,434 according to the Treasury printouts, it had been shown in the statement of financial performance and cash flow statement as Rs. 228,321,474, thus overstating by Rs.15,040. | Agreed. | Correct value should be included in the accounts by comparing them with Treasury printouts. |

1.6.2 Statement of Financial Position

1.6.2.1 Non-financial Assets

The following observations are made.

| Audit Observation | Comment of the Accounting Officer | Recommendation |
|--|---|---|
| (a) Although the value of fixed assets at the end of preceding year was Rs.2,369,158,069, a sum of Rs. 2,370,876,603 had been shown as the opening balance of the year under review and accordingly, a difference of Rs.1,718,534 was observed. | As it is a technical error, there is a difference between balances. The Treasury has been apprised of the relevant differences and it is informed that relevant measures have been taken to correct them in the future. | The opening balances of the financial statements should be correctly presented and the differences should be disclosed in the financial statements. |
| (b) Although the opening balance of other machinery and equipment in the statement of non-financial assets presented with the financial statements was Rs.4,619,567, that value was Rs. 7,175,383 as per the relevant schedule presented. Accordingly, a difference of Rs. 2,555,816 was observed. | The inclusion of the value of Rs.2,374,216 and Rs.181,600 in the relevant year has been attributed to the difference in the statement of non-financial assets. | Correct value of the assets should be brought to account. |

1.6.2.2 Advance Accounts Balances

| Audit Observation | Comment of the Accounting Officer | Recommendation |
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| The total loan balance due from deceased, interdicted and service vacated employees was Rs. 1,863,855 and the value of loan balances that exceeded more than 05 years in the above balance was Rs. 1,630,398. | Action will be taken to recover and settle the balances. | Action should be taken to recover the outstanding balances. |

2. Financial Review

2.1 Expenditure Management

| Audit Observation | Comment of the Accounting Officer | Recommendation |
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| In transferring provisions under Financial Regulations 66/69, the actual requirement should be estimated and transfers should be made accordingly. As action had not been taken accordingly, provisions ranging from 6 percent to 955 percent out of the provisions transferred for 04 Objects were observed to remain. | Having considered separately the allocation needs of the Divisional Secretariats under Program No. 02, transfers have been made under F.R.66/69. Even though a balance is shown at the end of the year in the Objects to which transfers were made in considering the total allocation made by the budget for the Head 277, the balances of the specified ranges are not shown separately. | Actual requirement should be identified and provisions should be transferred accordingly. |

2.2 Utilization of Provisions made by Other Ministries and Departments

The following observations are made.

| Audit Observation | Comment of the Accounting Officer | Recommendation |
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| (a) The Gramashakthi People's Movement implemented by the Presidential Secretariat | | |
| (i) A sum of Rs. 79,771,475 granted to 125 Gramashakthi societies under 11 Divisional Secretariats in the Monaragala district in 2018 and 2019 had remained idle even by March 2022 without being used for any productive purpose. | The State Ministry of Samurdhi, Home Economics, Microfinance, Self-Employment and Business Development has notified that the Gramashakti People's Societies be withdrawn from the registration in the Samagam Medura and be registered in the Divisional Secretariat. Accordingly, necessary arrangements are being made. | Action should be taken to use the allocated provisions effectively. |

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| (ii) | A sum of Rs. 5,857,934 out of the loan given under the revolving loan scheme in the year 2019 in the implementation of livelihood development programmes by 07 Divisional Secretariats under the first phase and interest of Rs. 516,662 remained in arrears. | It is stated that after registering these Gramashakti People's Societies in the Divisional Secretariats, action will be taken on the instructions of the Ministry regarding the reuse of this money. | Action should be taken to recover the outstanding loans without delay. |
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| (iii) | Out of the loans granted in the year 2019 under the 50 percent beneficiary contributions for the selected beneficiaries in 03 Grama Niladharee divisions in the Madulla Divisional Secretariat Division under the first phase, loan balance of Rs. 375,000 and interests of Rs. 52,688 remained outstanding as at 31 December 2021. | Although this issue has been discussed in the District Secretaries' meetings, the revolving fund scheme is not implemented properly due to the fact that no specific instruction has been received from the Ministry. | Action should be taken to recover the loans without delay. |
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(b) Revolving Loan Scheme of the Sri Lanka Women's Bureau

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| (i) | Out of the loans granted to 109 beneficiaries by the Badalkumbura Divisional Secretariat from 2009 to 2020, the loan amounting to Rs.1,298,351 had not been recovered even by the end of the year under review. | Borrowers are making payments in installments. | Outstanding loans balances should be recovered without delay. |

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| (ii) | Out of the loans granted by the Medagama Divisional Secretariat in the year 2019, the loan amounting to Rs. 53,300 due from 08 recipients had not been recovered even by 31 December 2021. | A sum of Rs. 13,850 of the loan amount has been recovered. Action will be taken to recover the recoverable balances in due course. | -Do- |
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- (iii) Out of the loan given to 56 borrowers under various programmes by the Thanamalwila Divisional Secretariat from the year 2009 to 2016, a loan balance of Rs. 737,410 was further remained outstanding even as at the end of the year under review.
- Necessary instructions have been sought from the Sri Lanka Women's Bureau to recover the outstanding loan balance. Further action will be taken according to those instructions.
- Do-

2.3 Non-compliance with Laws, Rules and Regulations

The following observations are made.

| Reference to Laws, Rules, Regulations | Observations | | Comment of the Accounting Officer | Recommendation |
|---|--------------|---|---|--|
| | Value | Non-compliance | | |
| | Rs. | | | |
| (a) Government Quarters (Recovery of Possession) Act No. 07 of 1969 as amended by Acts No. 03 of 1971 and No. 40 of 1974 | 106,000 | No action had been taken in accordance with the regulation of the Act to take over 06 government quarters that had not been handed over despite the expiry of the period of the agreement. | Necessary arrangements are being made to take over the quarters. | Action should be taken in accordance with the provisions of the Act to take over the government quarters. |
| (b) The Mines and Minerals Act No. 33 of 1992 as amended by Act No. 66 of 2009 and Sections 28 and 44 of the Ministry of Environment and Wildlife Circular No. 01/2020 dated 03 January 2020. | 71,563 | Without obtaining a valid mining license from the Geological Survey and Mines Bureau, excavation of soil/gravel had been done at 10 locations for 26 development projects implemented under the Thanamalwila Divisional Secretariat. Further, the relevant royalty had been lost. | It is informed that necessary steps have been taken to inform the contractors to excavate soil/gravel only from licensed sites in the implementation of future development projects. Action will be taken to recover the royalty of Rs. 71,563 from the relevant contracted societies and credit to | According to the provisions of the Act and the circular, a valid licence should be obtained in carrying out soil or gravel excavation and action should be taken to recover the royalty. |

the government. A sum of Rs. 18,542 related to 08 projects was recovered and credited to the Government Revenue.

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| (c) | Section 6.2 of Chapter XIX of the Establishments Code of the Democratic Socialist Republic of Sri Lanka | Even though government quarters can be allocated only to a government officer, contrary to that, the government quarters bearing assessment number 28/49 had been given for the use of an engineer working in a private company at a rent of Rs.3,000 per month for more than 04 years from 25 September 2017 for temporary occupation. | As it has been reported that it is difficult for government officers to reside in this house when the construction work of the new housing complex is being done, it has been given to CESL institute for a monthly rent of Rs.3,000. | Action should be taken to allocate government quarters only to a government officer as per the provisions of the Establishments Code and the relevant rent should be recovered according to the Establishments Code. |
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(d) Financial Regulations of the Democratic Socialist Republic of Sri Lanka

(i)Financial Regulation 104 (4)

Although it had been stated that a full report should be submitted within three months from the date of causing the damage,

no action had been taken in accordance therewith in respect of 4 vehicle accidents that had exceeded the period between 1-5 years from the incident.

Further action is being taken.

Financial Regulations should be followed.

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| (ii) Financial Regulations 237 (a) (i) and (b) | 12,864,759 | While the ordered supplies and services had not been provided and in total contradiction to the internal related control system in place, the Monaragala District Secretariat had drawn 19 cheques to the suppliers on 31 December 2021, but those cheques had been retained even 29 by March 2022. | Five cheques have been issued by 26 May 2022 and arrangements are being made to credit the other cheques to the Government Revenue. | Measures should be taken in accordance with the Financial Regulations and disciplinary action should be taken regarding the parties who had involved therewith. |
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| (iii) Financial Regulation 571(3) | 6,295,355 | The retention money that have been temporarily withheld for re-payments of deposits and contracts to third parties and have exceeded a period of 02 years related to the District Secretariat and 07 Divisional Secretariats have not been settled even as at 31 December 2021. | A sum of Rs.2,862,219 has been retained unpaid in the District Secretariat due to making audit queries and Rs.61,862 has been so retained due to deficiencies of the work. A sum of Rs. 630,202 has been credited to the Government Revenue and prompt action will be taken to settle Rs. 1,224,800. | Action should be taken in accordance with the Financial Regulations regarding lapsed deposits. |
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(e) **Government Procurement Guidelines 2006**

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| (i) Guideline 5.4.8 (a) | For the restoration of the access road to the Habassa archaeological site under the provisions of the Ministry of Housing, Construction and Cultural Affairs, an agreement worth Rs. 2,389,340 had been signed with a contractor on 18 September 2019 and the contractor had not carried out the work. | Agreed. But action was taken to complete the project by other means. | According to the guidelines of the Government Procurement Guidelines, the performance security should be taken into the Government Revenue. |
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Nevertheless, action had not been taken to recover the performance security.

(ii) Guideline 9,176,057
8.9.1 (b)

Even though a formal contract agreement should be written and signed for a goods and services contract exceeding Rs.500,000, such an agreement had not been entered into at the time of purchasing 4695 plastic chairs, 05 water bowsers and 18 tabs by the Monaragala District Secretariat.

Agreed.

Action should be taken in accordance with the Guideline 8.9.1 (b) of the Government Procurement Guidelines.

(f) Section 3.3 of Circular No. 2008/4 dated 20 August 2008 of the Commissioner General of Lands.

- An encroacher had constructed about 64 concrete columns for the construction of several shops in a government land of about 1/2 acre in the Bodagama Grama Niladhari Division of Thanamalwila Divisional Secretariat division in the year 2021 and after a delay, the Grama Niladhari had reported on the unauthorized construction work on 07 June 2021. Similarly, no action had been taken to remove the unauthorized constructions even by 15 December 2021.

A case has been filed against the relevant encroacher in the Wellawaya Magistrate's Court under the Recovery of Possession Act.

The biweekly reports should be submitted expeditiously and further action should be taken in accordance with Section 3.3 of the circular.

- Since 2013, an unauthorized individual had carried out cultivation activities in the 18 plots of paddy land proposed to be distributed to 18 beneficiaries of the new land distribution Kachcheri in the year 2020 under the Pahala Hobaragoda Wewa of Thanamalwila Divisional Secretariat and accordingly, the distribution of that permits to the beneficiaries had been temporarily suspended. Further, no formal action had been taken to evict the encroacher from the land even by December 2021.

This matter has been referred to the Survey Department to correctly identify the area of 03 acres being occupied without permission. Relevant further action will be taken once the deed is received.

The biweekly reports should be submitted expeditiously and further action should be taken in accordance with Section 3.3 of the circular.

(g) Paragraph 02 of State Finance Circular No. 02/2015 dated 10 July 2015

It is the responsibility of all Accounting Officers to dispose of the vehicles to be disposed of within 3 months after the issue of the referred circular. Nevertheless, 9 vehicles belonging to the district secretariat which remained as scraps had not been disposed of even by 24 February 2022.

Disposal will be carried out in due course.

Action should be taken regarding the vehicles according to circular instructions and Cabinet decision.

3. Operating Review

3.1 Failure to Achieve Expected Benefits

The following observations are made

| Audit Observation | Comment of the Accounting Officer | Recommendation |
|---|--|---|
| (a) Sapirigamak People's Participatory Rural Development Programme - 2020 | | |
| i. For the construction of the industrial training and production sales center in the Iginiagala Grama Niladhari Division under the Madulla Divisional Secretariat, an expenditure of Rs. 1,969,508 had been incurred in the year 2021. It was observed during the site inspection on 28 January 2022 that the floor of the building had cracked over a length of 9.16 meters before the lapse of one year from the completion of the construction. This industrial training and production sales center had not been utilized for the intended purposes. | Agreed. Retention money will be released after preparing the floor of the building properly. Due to lack of electricity, the building has not been used for the intended purposes. | Funds should be used effectively and expected objectives of the projects should be achieved. |
| ii Although a period of one year had elapsed since the construction of a pre-school building at a cost of Rs. 1,980,000 in the Mahawewa Division of the Thanamalvila Divisional Secretariat, it had not been used for the intended purpose. | The building is to be used for the conduct of pre-school after providing water, electricity, and sanitary facilities. | The invested funds should be used effectively and the expected objectives should be achieved. |

3.2 Delays in the Execution of the Projects

The following observations are made

| Audit Observation | Comment of the Accounting Officer | Recommendation |
|---|--|--|
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| <p>(a) The Ministry of Housing, Construction and Cultural Affairs had provided a provision of Rs.3,594,053 on 19 June 2019 for the renovation of the access road to the Habassa archaeological site. Since the first and second contractors selected for the industry did not carry out the project, the project had been given to the Buttala Pradeshiya Sabha on 21 January 2020 at its request to carry out the project on direct labour basis. A written agreement had not been reached with the Pradeshiya Sabha, and no date had been set for the completion of the project. It was observed that a sum of Rs.864,065 of the provisions received for this project had been retained more than two years in the General Deposit Account due to not completing the project even by 23 March 2022.</p> | <p>It is accepted that an agreement could not be signed due to a mistake. At present, the construction has been completed and bills have been submitted for payment.</p> | <p>Provisions should be effectively used within due period.</p> |
| <p>(b) The Department of Wildlife Conservation had allocated a provision of Rs. 36,451,618 on 08 March 2020 for the construction of watch huts related to the maintenance and follow-up process of the electric fence and the project had been divided into 05 packages and agreements worth Rs. 25,009,958 had been reached with two selected contractors under package number 1/2/3 and 5. These constructions had not been completed or project had not been extended even by 22 March 2022.</p> | <p>It is informed that all the payments including the retention money of this work have been settled at present and arrangements have been made to credit Rs. 33,572 in the deposit account to the Government Revenue.</p> | <p>Estimated works should be completed within the contracted period.</p> |

3.3 Projects Executed by Domestic Funds

The following observations are made.

| Audit Observation | Comment of the Accounting Officer | Recommendation |
|--|--|---|
| <p>(a) Development of playground at Vijayapura Junior School in Monaragala district under the provisions of the State Ministry of Rural and School Sports Infrastructure</p> | | |
| <p>i. It was stated in the payment report that 1821 cubic meters of soil was cut and spread and crushed using water, whereas 677.06 cubic meters of soil cut from the playground had not spread and crushed using water. Nevertheless, Rs. 254,100 had been paid for that work.</p> | <p>The removed soil with surface grass remains there. Hence, there is no overpayment.</p> | <p>Payments should be made after preparing reports taking correct measurements .</p> |
| <p>ii. Even though the depth of 9.5 meter long part of the constructed drain was 0.250 meter, measurements had been adjusted stating the depth as 0.450 meter in the preparation of bills and as such, Rs. 25,293 had been overpaid.</p> | <p>There is no overpayment.</p> | <p>-Do-</p> |
| <p>iii. According to the Guideline 5.4.2 of the Government Procurement Guidelines, 2006, in any contract for Works, exceeding a period of three months,</p> <p>the price variation can be included and payments can be made accordingly. Nevertheless, the payment of Rs. 172,353 made for the price variation for this work with the contracted period of 60 days was observed as an overpayment.</p> | <p>Due to fluctuating prices of construction materials in the year 2021, the Uva Provincial Council has issued circular 05/2021. As the District Secretariat uses the rates issued by the Provincial Council, the price variation has been included for the estimate according to that circular.</p> | <p>Action should be taken to make payments for price variations in accordance with Guideline 5.4.2 of the Government Procurement Guidelines 2006.</p> |

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| (b) | An expenditure of Rs. 2,468,941 had been incurred for the repair of the District Secretary's quarters. Although Rs. 55,630 had been paid for concreting and cement plastering over 28.47 square meters on the ground floor of the vehicle yard, it was observed in the site inspection that only 19.89 square meters had been laid with cement plastering and an overpayment of Rs.16,765 had been made therefor. | Action is being taken to recover the overpayment. | Payment should be made only for work performed, and overpayments should be recovered. |
| (c) | For the development of the Timbiriya Plaground under the Gamperaliya Development Programme, 2019, the Medagama Divisional Secretariat had incurred an expenditure of Rs.970,000. Although the foundation for the construction of a 32.5 meter long side wall under this project had been cut by a JCB machine, due to not preparing the estimates to cut the drains using machines so as to incur a minimum cost to the government in estimating the work and due to using a manual rate for making the payments, a sum of Rs.35,152 had been overpaid. | Although an overpayment had been pointed out, when taking into account the form "704", it appears that work had been done beyond the provision limit of the project. | Estimates should be prepared using rates favorable to the government. |
| (d) | Implementation of the Sapirigamak People's Participatory Development Program - 2020 by Thanamalvila Divisional Secretariat ----- | | |
| | i. For 03 road development projects implemented under the programme, 958 cubic meters of soil/gravel had been obtained without making payment from a government land in which a private institute was maintained. It was observed that the amount of Rs.609,288 paid to the contractor for the above task was an overpayment. Further despite not being filed up the soil in relation to two development | It is informed that action will be taken to recover the overpayments. | Overpayments should be recovered and in preparing estimates, approved gravel suppliers should be identified and action should be taken accordingly. |

projects, it was observed that a sum of Rs. 127,300 had been overpaid for 808 cubic meters of soil, indicating that the brought soil was filed up.

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| <p>ii. An expenditure of Rs. 1,980,000 had been incurred for the construction of culverts and the laying of gravel in the renovation of the Bodagama by-road. A sum of Rs.523,898 had been paid for laying approved soil/gravel 436 cubic meters for the road and the gravel soil had been procured from a nearby private land of the developed road by paying only Rs.33,000 to the owner of the land. Accordingly, the amount of Rs. 244,296 paid for soil was observed as an overpayment.</p> | <p>It is informed that action will be taken to recover the overpayments.</p> | <p>Overpayments should be recovered and in preparing estimates, approved gravel suppliers should be identified and action should be taken accordingly.</p> |
| <p>iii. An expenditure of Rs. 493,372 had been incurred for the construction of the causeway on the Usgala Ranaviru Mawatha. The road had been developed laying concrete over 66.5 meters in length and 2.5 meters in width. It was observed that 10 meters, 8.3 meters, 09 meters and 3.5 meters (30.8 meters in total) in the middle of the concrete road had been cracked at 04 places, and an area of 1.82 square meters at two places on the road had sunk.</p> | <p>Action will be taken to get the defects rectified.</p> | <p>Constructions should be carried out in the prescribed standard according to the estimate.</p> |
| <p>(e) For the construction of the lavatory system at the Bodhimalu Temple under the Underdeveloped Temples Improvement Programme 2021, the Madulla Divisional Secretariat had incurred an expenditure of Rs.340,000 on 31, December 2021. Even though payment of Rs. 39,381 had been paid for concreting and cement plastering the floor area of the lavatory system, cement</p> | <p>It is informed that the overpayment of Rs.14,184 will be recovered in the payment of retention money.</p> | <p>Payments should be made after confirming that the estimated works have been completed.</p> |

plastering had not been done and accordingly Rs. 14,884 paid for that work was observed as an overpayment.

- (f) The Madulla Divisional Secretariat had not recovered the late fees of Rs.38,190 in relation to the project to develop the Mariarra Volleyball Court under the National Programme for the Development of Playgrounds 2021. The overpayment of Rs.38,190 will be recovered in the release of retention money. Late fees should be recovered as per the agreement.

3.4 Procurements

The following observations are made.

| Audit Observation ----- | Comment of the Accounting Officer ----- | Recommendation ----- |
|---|--|---|
| <p>(a) The Monaragala District Secretariat had purchased 18 tabs at a cost of Rs. 2,430,000 on 31 December 2021 for the e-signature system. The following matters were observed in this connection.</p> <p>i. Since selected supplier was unable to supply the ordered type of tabs, 18 other type of tabs offered by the supplier had been purchased, and while purchasing an item with other specifications, the relevant purchase had been made according to the price offered by the supplier without calling for bids again.</p> <p>ii. It terms of F. R. 156 (7) of the Democratic Socialist Republic of Sri Lanka, all financial transactions authorized to be dealt with shall be carried out with due economy, whereas it had not been followed in the purchase of the tabs worth Rs. 2,430,000. It was observed that the cost could have been</p> | <p>Due to the scarcity of computers and technical devices in the market during the relevant period and lack of sufficient time to recalling for bids, the purchase was made as the specifications and price were suitable and reasonable.</p> <p>These tabs have been purchased in accordance with the regulations of F.R. 156(7) in order to perform the tasks of providing better and more efficient services.</p> | <p>Procurement should be done in such a way that the desired objectives are achieved.</p> <p>Due economy should be ensured in the financial transactions.</p> |

reduced by Rs.864,180 if the purchase was made from the company that had offered a minimum price of Rs.86,990 instead of a tab with the capacities of the tab that was bought for Rs. 135,000.

- (b) In the purchase tyres for a total of Rs.1,094,322 on 03 occasions in December 2021, the District Secretariat had not prepared the specifications for tyres precisely indicating the quantity of tires required for vehicles as per Guidelines 5.6.1 and 5.6.2 of the Government Procurement Guidelines. The Technical Evaluation Committee had recommended that tyres of the size that had been quoted cannot be recommended and accordingly it is appropriate to get the prices again for tyres of suitable size for cabs, but the said recommendation had not been followed. Subsequently, based on the requests made by three Divisional Secretaries 12 tyres worth Rs.431,568 had been purchased according to the recommendation once again given by the Technical Evaluation Committee to the effect that it was appropriate to purchase tyres of the size that the Technical Evaluation Committee had recommended as inappropriate.
- In taking into account the submissions made by the Divisional Secretaries, the prices were called for the purchase of tyres considering the easiness and the previous usage in performing their services.
- Provisions of the Government Procurement Guidelines should be followed, and purchase should be made according to the standard sizes of tyres to be used for the vehicles and according to the recommendations of the Technical Evaluation Committee.
- (c) As it was decided by the District Agriculture Committee dated 27 January 2022 that the weeding machines that had been purchased to be given to the farmer organizations without the approval of the State Ministry of Paddy And Grain, Organic Food, Vegetables, Fruits, Chilies, Onion And Potato Cultivation Promotion, Seed Production and Advanced Technology Agriculture should be provided for the persons "offered to contribute 50 percent on
- Due to the issue regarding the use them on common rights and the District Agriculture Committee has the powers to make decisions and the committee reports are forwarded to the State Ministry of Agriculture, that decision has been taken
- Programme should be implemented according to a planned programme in accordance with the provisions of the Financial Regulations.

individual rights”,
it was observed that the objectives of the project proposal to benefit more beneficiaries had not been fulfilled.

(d) The Thanamalwila Divisional Secretariat had received provisions of Rs.1,338,000 to distribute chicks among 60 beneficiaries under the World Food Programme, and 2,220 chicks had been purchased on 30 April 2021 and Rs.865,800 had been paid to the supplier. The following matters were observed in this connection.

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| i. | It was observed that two out of 05 suppliers who submitted bids for the purchase of chicks are not engaged in the supply of chicks and the other two bidders are not supplying the relevant type of chicks. Accordingly, although the procurement process should ensure providing fair, equal and maximum opportunity for eligible interested parties to participate in Procurement as per Section 1.2.1 (c) of the Government Procurement Guidelines, 2006, it was observed that the said objective had not been complied with in the aforesaid procurement. | It is informed that action will be taken to prevent such mistakes in future procurement activities and that the necessary steps will be taken to select qualified suppliers as per Section 1.2.1 (c) of the Government Procurement Guidelines. | Action should be taken in accordance with the provisions of the Government Procurement Guidelines. |
| ii. | It was observed that other than the selected supplier, the bidding documents of the 4 bidders had been sent with 4 consecutive registration numbers of the same post office, no information related to specification confirmations had been attached, and erroneous bids had been submitted in the | It is informed that the evaluation and selection activities will be carried out according to Guideline 1.2.1 (f) of the Government Procurement Guidelines in future procurement activities. | Action should be taken in accordance with the provisions of the Government Procurement Guidelines. |

name of two bidders. The procurement committee had also observed that the submission of bids was unusual. By taking the procurement decision based on these prices while being aware of the above facts, it was observed that ensuring transparency and consistency in the evaluation and selection procedure as specified under 1.2.1 (f) of the Government Procurement Guidelines had been violated.

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| iii. | Prior to purchasing the chicks, no action had been taken to check and confirm that the chicks supplied by the supplier are the type of chicks mentioned in the specifications in the calling for bids and the purchased chicks had been distributed among 60 beneficiaries in April 2021. It was observed according to the follow-up reports that 1,067 out of the 2,220 chicks that were distributed by October 2021 had died. | The decision to purchase these chicks was made based on the supplier's offer of the lowest price per chick and assurances given to the effect that chicks had been properly vaccinated. As it was found practically difficult, inspection was not done before the transportation. Due to the Corona epidemic situation in the country during that period, checking on the death of chicks has been restricted. | The money invested should be effectively used and the expected objectives should be achieved. |
| iv. | Although it had been mentioned that provision would be made for the establishment of commercial level chicken farms under this project, it was observed that the prices had not been called so as to fulfill the objectives of the project and the beneficiaries had been provided a hybrid breed species with chickens used for both meat and eggs and some other commercially non-egg | It is informed that according to the instructions given by the Deputy Project Director of the Ministry of Finance for this project and in order to fulfill the objectives of the World Food Program, action has been taken to provide Giriraj Facus Heck Cross chicks. | The projects should be implemented as approved and the money invested should be used effectively to achieve the desired objectives. |

laying species. Accordingly, it was observed that the project implemented on the provision of Rs.1,338,000 had not been able to buy chicks with the required specifications to get the maximum economic benefits to the beneficiaries and therefore it had not been possible to achieve the anticipated objectives of the project.

3.5 Assets Management

The following observations are made.

| Audit Observation | Comment of the Accounting Officer | Recommendation |
|---|--|--|
| (a) Action had not been taken regarding 5 vehicles belonging to the District Secretariat that were not in running condition and the repair of which was not economically effective. | Arrangements are being made to auction these 05 vehicles | The relevant auction should be expedited. |
| (b) Although 04 vehicles belonging to the Siyambalanda Divisional Secretariat remained inoperative and idle in the office premises between 04 - 16 years, 03 vehicles of the Bibila Divisional Secretariat between 06 - 18 years, 03 vehicles of the Madulla Divisional Secretariat between 01 - 15 years, one vehicle belonging to the Wellawaya Divisional Secretariat since 2015, and a water bowser belonging to the Thanamalwila Divisional Secretariat was idle in the office premises since 2018, action had not been take either to repair or disposed of those vehicles. | Arrangements relating to the disposal is being made. | Action should be taken to repair or dispose of the vehicles. |

3.6 Losses and Damages

The following observations are made.

| Accounting Officer | Comment of the Accounting Officer | Recommendation |
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| <p>(a) A cab belonging to the Wellawaya Divisional Secretariat had met with an accident on 17 December 2016 and caused a loss of Rs.2,630,726. Out of that loss, Rs.2,265,342 had been recovered on 17 October 2017 and a sum of Rs.188,524 had been spent at government expense, excluding the Rs.176,860 discount given by the repair company. Nevertheless, the loss had not been mentioned in the statement of writing off from books and recovery under Financial Regulation 109.</p> | <p>The amount of Rs. 188,524 related to the accident has been borne by the Object of vehicle repairs.</p> | <p>The loss should be written off expeditiously in terms of Financial Regulation 109.</p> |
| <p>(b) A cab belonging to the Wellawaya Divisional Secretariat had met with an accident on 19 September 2002 incurring a loss of Rs.375,000. According to the Financial Regulation 104 (4) report, a decision had been taken to recover the loss from the driver. Although the Committee on Public Accounts held on 23 April 2013 had directed to recover the loss, only Rs. 110,000 of the loss had been recovered by 31 December 2021.</p> | <p>A sum of Rs.122,500 of the loss of Rs.375,000 has been recovered from the driver responsible for this accident and recoveries will be made at Rs.2,500 per month.</p> | <p>Action should be taken to recover the loss without delay.</p> |

3.7 Uneconomic Transactions

| Audit Observation | Comment of the Accounting Officer | Recommendation |
|---|---|---|
| <p>Eleven rural roads developed by the Thanamalwila Divisional Secretariat in the year 2020 by laying gravel and motor grading at a cost of Rs. 8,291,665 under the "Sapirigamak" People's Participation Rural Development Programme had been carpeted and developed in the year 2021. If records</p> | <p>The Road Development Authority has not informed us about the fact that the respective roads are proposed to be developed laying carpet, and the relevant projects have been implemented according to</p> | <p>Government funds should be used effectively.</p> |

been maintained on the roads and the roads developed in each year at the divisional secretariat level of the district, the committees would have been informed that the said 11 roads had been developed in less than a year and other priority roads would have been developed. Due to the fact that the government institutions that carry out development activities based on the recommendations of regional or district coordination committees were not working together in a planned manner, it was also observed that government funds had not been invested in an economically efficient manner.

the priorities of the Rural Committee proposals.

3.8 Management Weaknesses

 The following observations are made.

| Audit Observation | Comment of the Accounting Officer | Recommendation |
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| <p>(a) In terms of subsection 5.6 of Chapter XIX of the Establishments Code, if the house rent charged on the salary of an officer is considerably higher than its fair economic rent, a specific house rent may be charged with the approval of the Secretary instead of charging a percentage of the officer's salary. Nevertheless, contrary to that, the assessed rents of Rs. 70,892 due from 12 officers as per the assessments of 2015 and 2010 had been undercharged.</p> | <p>The charges have been recovered according to the salary in December 2018 and in the salary increase and salary increments, the rent of the official quarters has not been charged according to that salary. Officers have been informed regarding the recovery of charges.</p> | <p>Action should be taken in accordance with Chapter XIX of the Establishments Code.</p> |
| <p>(b) Since the house rents had been undercharged from 2016 to 2018, the house rents of Rs.1,265,692 in relation to 51 officers further remained outstanding as at 31 December 2021.</p> | <p>The retired officers whose arrears of house rent are yet to be recovered have been notified to pay the arrears in installments or in a lump sum, and the heads of the institutions have been informed to recover and send the arrears from the salaries of officers who are presently in the service.</p> | <p>Outstanding rent should be recovered expeditiously.</p> |

- (c) According to Section 04 of Circular No. 13/2008 dated 26 June 2008, approval of the Ministry Secretary should be obtained if additional provisions are obtained for fuel. Nevertheless, the Monaragala District Secretariat had spent Rs. 139,500 for 3924.3 liters of fuel on government orders for 03 allocated vehicles and for 1281.317 liters of fuel on the basis of bill reimbursement without obtaining approval. Additional fuel has been obtained for project inspections. The additional fuel expenses have been covered by the administrative expenses allocated therefor, and this fuel has been used solely for the supervision of the project works. The bills related to the fuel obtained for the duties outside the district have been reimbursed. Approval of the Secretary to the Ministry should be obtained for the additional fuel provisions.
- (d) In the payment of pensions, the Medagama Divisional Secretariat had overpaid Rs.490,061 for 04 pensioners and Rs.337,061 of that amount remained further recoverable by 31 December 2021. It has been informed that Rs. 190,000 of this amount has been recovered and action will be taken to recover the balance in the future. Overpayments should be recovered without delay.
- (e) It was observed that 37 permits prepared to be distributed during the period between 2010 and 2016 in the Thanamalwila Divisional Secretariat had been retained in the office even by 15 December 2021 without being distributed to the beneficiaries. Arrangements are being made in relation to the distribution of those permits. Action should be taken to distribute the permits expeditiously.
- (f) It was observed that 13 Grants issued under the Land Development Ordinance and registered at the District Land Registrar's office in 2019 and 2020 and 29 Grants registered on 06 October 2021 had been retained at the Thanamalwila Divisional Secretariat as at 15 December 2021 without being distributed to Grant holders. Action will be taken to distribute the Grants in the future. Action should be taken to promptly distribute the Grants.

4. Human Resource Management

The following observations are made.

| Audit Observation | Comment of the Accounting Officer | Recommendation |
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| (a) Although a human resource development plan should be prepared in accordance with the Public Administration Circular No. 02/2018 dated 24 January 2018, the Moneragala District Secretariat had not prepared a human resource development plan for the year under review. Annual Performance Agreements for all the staff had not been signed. | It is informed that although the signing of the performance agreement was not carried out due to the minimum attendance of the officers in the face of Covid epidemic situation in the year 2021, it will be properly carried out from the year 2022. | The performance agreements should be signed in terms of the circular. |
| (b) Out of the approved cadre in the Monaragala District Secretariat and 11 Divisional Secretariats, 13 posts in the staff grade, 21 posts in the tertiary level, 117 posts in the secondary level and 11 posts in the primary level remained vacant even as at 31 December 2021. Further, there was an excess staff of 55 secondary grade employees in 05 Divisional Secretariats. | The vacancies in all posts have been reported to the Ministry of Public Administration and the Ministry of Home Affairs. It has been informed that the reason for the excess of posts is the new appointment of the Development Officer. | Necessary arrangements should be made to fill the vacancies. |
| (c) Although every officer who has served in the same post/station for a maximum period of 05 years shall be given transfers to enable him to serve in other stations in terms of Public Administration Circular No. 18/2001 dated 22 August 2001, it was observed that 30 officers in Monaragala District Secretariat and 575 officers working in 11 Divisional Secretariats are working in the same station for a period of 06 to 30 years even by 31 December 2021. | It has been informed that in calling for annual transfers each year, all the officers have been informed and given the opportunity to apply for the transfers, and the transfers are given online by updating a separate information system of the Ministry, and even though the officers apply for the annual transfers, many officers have not received the transfers. | Action should be taken according to the circular in relation to the transfers. |