

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Kaluthara 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 Kaluthara 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 issued to the Accounting Officer 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 Kaluthara District Secretariat as at 31 December 2021, and its financial performance and cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

1.2 Basis for Qualified Opinion

My opinion is qualified based on the matters described in paragraph 1.6 of this report. I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibility for the financial statements is further described in the Auditor’s 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

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

As per Section 16(1) of the National Audit Act, No.19 of 2018, the District Secretariat is required to maintain proper books and records of all its income, expenditure, assets and liabilities to enable the preparation of annual and periodic financial statements.

In terms of Sub-section 38(1)(c) of the National Audit Act, the Accounting Officer shall ensure that an effective internal control system for the financial control exists in the District Secretariat and carry out periodic reviews to monitor the effectiveness of such systems and accordingly make any alterations as required for such systems to be effectively carried out.

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

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

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

- Appropriate audit procedures were designed and performed to identify and assess the risk of material misstatement in financial statements whether due to fraud or errors in providing a basis for the expressed audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- An understanding of internal control relevant to the audit was obtained in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District Secretariat's internal control.
- Evaluate the structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Evaluate the overall presentation, structure and content of the financial statements including disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

1.5. Report on Other Legal Requirements

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

- (a) The financial statements are consistent with the preceding year,
- (b) The recommendations made by me on the financial statements of the preceding year had been implemented.

1.6 Comments on Financial Statements

1.6.1 Statement of Financial Performance

(a) Advance Payments

The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
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(i) The debits and credits made to advance B account as per the treasury table SA-52 during the year under review were Rs. 81,961,046 and Rs. 69,583,195 respectively and the debit and credit balances were Rs. 81,959,795 and Rs. 69,348,405 respectively according to the trial balance of the district secretariat and it was observed that there is a discrepancy of Rs. 1,200 and Rs. 234,790 respectively in the debit and credit balances.	It is indicated that this discrepancy was occurred due to debits and credits made by other expenditure heads.	Balances should be reconciled with treasury notes and accounts should be prepared.
(ii) The loan balance of Rs. 215,400 to be charged from an officer who has been employed at the Ingiriya divisional secretariat was indicated under the loan balance to be charged from officers transferred to other departments in annexure 3.2 of the advance B account reconciliation statement.	It has been informed that this has happened by mistake in calling for information and steps will be taken to correct.	Relevant parties should work to submit accurate reports.

1.6.2 Statement of Financial Position

(a) Property, Plants and Equipments

The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
(i) It was observed a difference of Rs. 375,101,404 in the balance of property, plant and equipment due to the balance of property, plant and equipment as at 31 December 2021 was Rs. 2,197,710,978 according to the statement of financial position, but it was Rs. 2,822,609,574 as at that date according to the information submitted to the audit by the district secretariat.	It was informed that the non-comparison has occurred due to a technical error in data entry and those corrective actions are being taken in connection with the relevant institutions.	Arrangements should be made to include the correct balances in the financial statements compared with the treasury.
(ii) Although a sum of Rs. 26,538,165 was entered into the opening balance of the property, plant and equipment in the books of the district secretary office in the year under review, the related schedule was not submitted to the audit.	It has been informed that this information is available in the divisional secretariats and that they will be brought in future.	Notes relating to the adjustment should be included in the financial statements and the schedules should be submitted to the audit.

1.6.3 Lack of Audit Evidences

Audit Observation	Comments of the Accounting Officer	Recommendation
During the inspection of the payment vouchers of the district secretariat, there were 47 payment vouchers of total worth Rs. 15,179,011 which were not submitted to the audit related to 4 divisional secretariats. No action has been taken as per Financial Regulations 272 regarding those outstanding	Out of these vouchers that were not submitted to the audit, except for one voucher, the remaining vouchers are now available in the regional offices and the divisional secretariats informed that there were	Missing vouchers should be submitted for audit and should be act as per Financial regulations 272.

vouchers and the accounting officer has also failed to disclose the information regarding the outstanding vouchers in the statement of missing vouchers in note No. iv of the financial statements of the year under review. vouchers that were missing while preparing the financial statements and reported that they are not available.

1.6.4 Non-maintenance of Records and Books

It was observed during the sample audit that the following documents were not maintained regularly and up-to-date by the district secretariats.

Audit Observation -----	Comments of the Accounting Officer -----	Recommendation -----
(a) The register of damages was not properly maintained as per Financial Regulations 110.	Instructed to correct and complete the document deficiencies.	The register of damages should be maintained in accordance with the provisions of Financial Regulations 110 and the format under it.
(b) Liability register was not updated as per Financial Regulations 214.	Instructed to correct and complete the document deficiencies.	According to the Financial Regulations 214, the liabilities should be recorded in a liability register as that the liabilities can be checked regularly.

2. Financial Review

2.1 Expenditure Management

Audit Observation -----	Comments of the Accounting Officer -----	Recommendation -----
Only Rs. 1,126,961,678 had been utilized out of the net allocation of Rs. 1,404,394,700 for 17 capital and recurrent expenditure subjects and savings were Rs. 277,433,022. That savings range from 6 percent to 96 percent of the net allocation.	It was informed that the allocations has been saved due to the limitation of expenditure due to the situation of corona epidemic, the existence of pending bills, the provision has been assigned and due to frugal spending.	Action should be taken to accurate estimation and effective utilization of allocations.

2.2 Incurring of Liabilities and Commitments

The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
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(a) Although transactions for payments which have not been made to related parties during the accounting year should be recognized as liabilities, Rs. 44,546,313 related to the 18 projects that did not fulfill that condition were identified as liabilities in the sample audit inspection.	Reasons such as delay in preparation of vouchers due to delay in submission of bills, contract payment vouchers being given to engineering division for measurement and checking of defects and existence of defects in vouchers.	Liabilities should be properly identified and prepared accounts.
(b) The payable value of one expenditure subject was Rs. 54,909,418 at the end of the year under review, but the provision for the year 2022 was Rs. 29,200,000. Accordingly, adequate provisions were not made. Also, Rs. 30,475,499 to be paid in one expenditure subject and although Rs. 50,000,000 was allocated for that purpose in the year 2022, it was an amount allocated for the construction of the Kaluthara divisional secretariat. Accordingly, no provision was made to settle the liabilities.	It was informed that the pending bills for the year 2022 arose due to insufficient imprests received in the year 2021 and that the provisions of the year 2022 are not sufficient to settle the pending bills.	Liabilities and obligations should be made with attention to the current, economic and financial situation of the government and action should be taken against officials who did not do so.

2.3 Certification to be done by the Chief Accounting Officer / Accounting Officer

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.

Audit Observation	Comments of the Accounting Officer	Recommendation
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(a) The Chief Accounting officer and Accounting Officer shall ensure that an effective internal control system is developed and maintained for the	It was informed that the internal control systems have been implemented in order to maintain financial control and	Relevant reviews should be conducted and reported to the Auditor General in accordance

financial control of the district secretariat and although the effectiveness of the system should have been reviewed and the necessary changes should have been made accordingly to make the system effective, the statement that such a review was done was not submitted to the audit.

noted that the systems need to be further improved in future have been identified and new internal control systems have been introduced.

with the provisions of the National Audit Act No. 19 of 2018.

(b) Although the Chief Accounting Officer and the Accounting Officer shall ensure that all audit queries are answered within the specified time limits as required by the Auditor General, audit queries were not answered as per paragraph 3.6 of the report.

It was informed that responses to queries are delayed due to delays in getting information from regional offices and action will be taken to avoid it.

Should be answered to the audit queries immediately.

2.4 Non-compliance with Laws, Rules and Regulations

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

	Audit Observation -----	Comments of the Accounting Officer	Recommendation
	Reference to Laws, Rules and Regulations -----		
(a)	Establishment Code of the Democratic Socialist Republic of Sri Lanka -----		
i	Section 4.4 of Chapter XXIV of Action was not taken to settle the loan balance of Rs. 355,133 to be charged from two officers who died 3 and 4 years ago.	It has been informed that due to non-payment of death gratuity, one loan balance has not been charged and the other loan balance will be charged in monthly installments.	Loan balances should be settled promptly by following the provisions of the Establishment Code.

ii	4.5 and 4.6 of Chapter XXIV	There was a total loan balance of Rs. 730,075 to be charged from the suspended officers and 3 deceased officers.	It has been informed that the recovery of this loan balance is in progress.	-Do-
iii	Sections 4.5 and 4.6 of Chapter XXIV	Loan balances of three officers who left the post amounting to Rs. 356,647 had not been recovered by the end of the year under review.	It was informed that steps have been taken to formally cut off the loan, collect from the guarantor and notify by letter to pay the loan.	-Do-
(b)	Circulars No. 01/03/2015/NSPD dated 27 April 2015 and No. 01/03/2015/NSPD (ii) dated 24 June 2019 of the Ministry of Social Services, Welfare and Livestock Development	There have been cases of circular provisions have not been followed in the provision of living aids allowance entitlements and payments for low-income persons with disabilities.	An instruction letter in this regard has been issued on 28 March 2022.	Action should be taken as per the circular and disciplinary action should be taken against the officers who do not act accordingly.
(c)	Pension circular No. 13/2001 dated 20 December 2001.	All the information was not included as per circular provisions in 89 temporary personal files held in 12 divisional secretariat offices in Kaluthara district.	It has been informed that due to the difficulty of obtaining all the information mentioned in the circular, such files exist and the Grama Niladharis have been notified to carry out a special investigation in this regard.	-Do-

- (d) Public Administration Circular No. 14/2019 dated 31 May 2019. 1362 pension files of 14 divisional secretariats had not revised their pensions as per the circular. It has been advised that revisions will not be made based on current status of existing files and unrevised pension files will be updated based on deficiencies in pension files. -Do-
- (e) Gun Ordinance No. 33 of 1916 (182 Authority) as amended by Act No. 22 of 1996 and Ministry of Defence Circular No. 06/2020 dated 26 August 2020.
- i Sections 5(1), 22(1), 22(2)(g), 23(1) and 23(3) of the Act and Section 2.4 of the circular According to the circular provisions, 23 and 8 firearms were in possession of persons in Kaluthara and Mathugama divisional secretariat offices respectively without renewing their licenses. Among them, there was no evidence about the renewal of licenses of 12 firearms in Kaluthara divisional secretariat from 17 years, 3 firearms in Mathugama divisional secretariat from 05 years. It has been informed that steps will be taken to correct this system. Action should be taken as per the provisions of the Act and disciplinary action should be taken against the officers who do not act accordingly.
- ii 22 (2)(d) of the Act and paragraph 6 of the circular. No action had been made to take back 3 firearms related to 3 persons who died in Kaluthara Divisional Secretariat areas. It has been informed that the existing deficiencies have been identified and the officials have informed to avoid the deficiencies in future. -Do-

2.5 Informal Transactions

The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
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(a) The construction of 7 projects had not been completed and vouchers had not been prepared as at the last date of the year under review and the district engineer and technical officer had recommended the amount that could be paid to the contractor as approximately Rs. 6,320,000. Also, the amount to be paid related to these projects was reported as Rs. 12,900,466.	It was informed the reasons such as there was a disruption in execution of the contracts due to the crisis in the construction industry, delay in preparation of vouchers due to delay in submission of bills, the contract payment vouchers had been given to the engineering division for measurement and checking of defects and the existence of defects in the vouchers.	Officials, who have approved, recommended and certified informal transactions should be conducted formal investigations and disciplinary measures should be taken to recover state funds if they have been misappropriated.
(b) While the work on the contract for the preparation of the workstation in the new building of the Madurawala divisional secretariat had not been commenced and the project for the construction of the car park and the supply and installation of a generator for the motor traffic office had been canceled by the district secretary, it had been reported to the treasury that the outstanding bills in hand amounting to Rs. 5,000,000, Rs. 4,878,865 and Rs. 3,602,880 are available to be paid for those projects.	It has been informed that the opening of the new building of the Madurawala divisional secretariat was the activity of given priority. The implementation of the other 2 projects has been reported to have been cancelled.	-Do-
(c) Although it has been reported to the treasury that there are outstanding bills in hand of Rs. 4,810,840 to pay the contractor in relation to the tile working in the passage of the district secretariat, it was observed that the tile working was not done till 28 March 2022.	It is informed that this item has been included in the bills in hand report due to an omission of busyness of the officers.	-Do-

2.6 Fraudulent Transactions

The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) It was observed in the sample audit conducted at the Kaluthara divisional secretariat that the officers had misused the money by not paying the sum of Rs. 320,000 with obtaining signatures of the 09 beneficiaries with disabilities who had started payments in the year under review as they had received money.	It has been reported that a committee has been appointed to conduct a basic investigation into this financial irregularity and the officers involved have already been transferred.	The internal control should be strengthened and that disciplinary action should be taken in accordance with the provisions of the Establishment Code regarding officials who misused money.
(b) Although the district secretariat had conducted an initial investigation on 01 may 2021 after disclosing a pension fraud of Rs. 7,022,668 in the Mathugama divisional secretariat, the details of this pension fraud were not disclosed in the financial statements of the year under review.	It has been reported that the Department of Pensions is carrying out the disclosure of pension fraud in the financial statements.	-Do-

2.7 Deposits

Audit Observation	Comments of the Accounting Officer	Recommendation
The total of 6 general deposit accounts was Rs. 467,133,878 as on the last day of the year under review and out of that, deposit balance of Rs. 166,946,673 were exceeding 2 years and Rs. 17,891,238 were exceeding 5 years. The provisions of 571(3) of the Financial Regulations had not been followed in this regard.	It is reported that the settlement of deposits has been delayed due to reasons such as not receiving sufficient imprests, delay in receiving recommendations from external institutions and delay in correcting uncorrected errors and deficiencies in the projects and it has been reported that officials have been informed to act in this regard.	Should be act in accordance with Financial Regulations.

3. Operating Review

3.1 Vision and Mission

Audit Observation	Comments of the Accounting Officer	Recommendation
----- Although the Kaluthara District Secretariat's mission statement is to create an efficient administrative structure through effective resource management and create sustainable development in the district, 45 buildings belonging to government and semi-government institutions in jurisdictions of the divisional secretariat remained unused without making any arrangements to use them for the development activities of the district from many years. Out of this, 11 buildings were unusable. Furthermore, 5 divisional secretariats had not submitted relevant information.	----- It has been informed that even though the divisional secretaries have taken action regarding the utilization of assets due to that the abundance of existing duties, these assets are still unused due to the measures taken by the semi-government institutions.	----- Action should be taken to fully utilize the resources of the district for development activities.

3.2 Non-implemented Projects

Audit Observation	Comments of the Accounting Officer	Recommendation
----- Only 904 projects were implemented out of 1416 projects which were approved to be implemented under the Kaluthara District Secretariat, amounting to Rs. 1,165,786,760 in the year under review and a total of 511 projects worth Rs. 660,145,918 were not implemented.	----- It was reported that they were slowly due to reasons such as informal work order for the implementation of projects of the State Ministry of Rural Roads and remaining infrastructure, project proposals not being submitted through the District Secretariat, most projects are approved in the late 2021, they are slow down due to rapid increase in raw materials prices all over the country and delayed payments to contactors.	----- Projects should be approved and arrangements should be made for their formal implementation in discussion with the relevant ministries and governing authorities and after identifying the needs of the district.

3.3 Local funded Projects

The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
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(a) The following matters related to the contract for the expansion of the second floor of the new building of the Mathugama divisional secretariat were observed.	It had been reported that considering the future existence of the building, the new construction was started promptly and there was some delay due to shortage of raw materials, price fluctuations and the construction was successfully completed by 2 June 2022.	That the approval, recommendation and certification of all officers related to payments on documents containing unclear rates and inaccurate information should be conducted in accordance with the Establishment Code and disciplinary actions should be taken accordingly and the overpaid amount should be recovered.
i. During the preparation of estimates, the special price rates prepared by the district engineer for 3 work subjects totaling Rs. 960,520 were not submitted to the audit and the definition of the work subject was unclear.		
ii. According to the agreement, the industry should be completed within 35 days, but the work programme has not been obtained for it, A late fee of Rs. 350,400 should be charged and the period of the performance bond amounting to Rs. 282,701 has not been extended.		
iii. While the overall physical progress of the industry was less than 50 percent on 31 December 2021, vouchers of Rs. 6,716,962 were prepared and Rs. 2,000,025 were paid to the contractor on 31 December 2021 with indicating that 100 percent of the industry work was completed and another voucher was prepared for the remaining Rs. 4,716,937 and it was reported to the treasury as a bill to be paid.		

- (b) In parallel with the implementation of the 2021 budget proposals, the following facts were observed in relation to the programme implemented by the Mathugama divisional secretariat under the establishment of “Saubhagya” prosperity production villages and the development of public infrastructure in those villages.
- It has been reported that the replies will be submitted later as replies are to be received from the regional offices.
- They should act according to the guidelines related to the implementation of the projects and that a formal investigation should be conducted and disciplinary action should be taken against the officials who did not act accordingly in the implementation of these projects.
- i. According to the project guidelines, agricultural equipment worth Rs. 3,428,000 have been provided to an unregistered society without entering into a formal form of agreement and not having consulted relevant technical institutions while providing them.
- ii. Although the technical committee had recommended purchasing 20 polythene rolls at a price of Rs. 14,000 each as per the prices called, the regional secretary had purchased 52 polythene rolls and given them to the society and 22 polythene rolls were not used during the field audit inspection conducted on 16 March 2022.
- (c) The Agalawaththa divisional secretariat had issued a cheque of Rs. 200,000 by the name of the Western Provincial Industry Department for the supply of equipment for dhamma schools, the relevant goods had not been supplied until 30 April 2022. The cheque was in custody of the subject Development Officer.
- Do-
- Proper action should be taken for the officials who prepared vouchers and wrote cheques without receiving the goods and services and steps should be taken to prevent such situations in future.

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| <p>(d) It was observed that a total of Rs. 809,771 was overpaid as Rs. 487,500 for the inclusion of additional prices in the bill for the supply of ABC stones and the supply of 37.5 mm, 19mm, 12.5 mm stones in the project to pave the road from Elamunadeniya to St. Peters waththa under the Saubhagya project and Rs. 71,409 for filing them without filing and Rs. 58,623 due to the use of chip stones instead of sand during the first bitumen using and Rs. 192,239 due to that bitumen was used more than the amount estimated for development.</p> | <p>-Do-</p> | <p>A formal investigation should be conducted and the government should recover the overpaid amount and disciplinary action should be taken against the officers involved.</p> |
| <p>(e) The Agalawaththa divisional secretariat had spent an amount of Rs. 224,580 for the project of providing 394 chicks to 40 selected beneficiaries in connection with the Samurdhi gardening programme implemented for the empowerment of Samurdhi subsidized families, but it was observed that the desired results have not been achieved due to that the methods of introducing medicines and food taking methods to the villagers have not been set up to effectively maintain it and the ratio 9:1 hens to chicks has not been achieved.</p> | <p>-Do-</p> | <p>The deficiencies should be rectified under formal supervision.</p> |
| <p>(f) Although the Agalawaththa divisional secretariat had implemented a project to distribute 143,250 tea plants to 73 selected Samurdhi beneficiary families at an spent of Rs. 3,008,250 in the year 2021, it was observed that the expected results of the project have not been achieved due to factors such as that 80,980 tea plants have not been planted and 3,467 planted tea plants have died according to the progress reports submitted to the audit by 14 march 2022.</p> | <p>-Do-</p> | <p>A formal investigation should be conducted and action should be made to recover the costs incurred for the non-planted tea plants from the responsible parties and steps should be taken to introduce a formal work order to maintain the planted tea plants sustainably.</p> |

3.4 Losses and Damages

The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
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(a) The Dodangoda divisional secretariat had not taken steps to collect and recover the loss of Rs. 1,465,525 due to the burning of the fire in the year 1989 or to remove it from the books until 31 December 2021.	F.R. 109 application form has been forwarded to deduct the relevant losses from the books.	Action should be taken to settle losses and damages in accordance with the Financial Regulations.
(b) A vehicle belonging to the Divisional Secretary's office at Walallawita was involved in an accident in the year under review, but the information about the related loss was not disclosed in the financial statements.	It has been reported that the loss had not been assessed and submitted as at the date of preparation of the financial statements.	As per the Financial Regulations, investigations should be carried out promptly and action should be taken to identify the loss.
(c) Due to not updating the information of the deceased pensioners in time, no action was taken to recover the surcharge amount of Rs. 764,551 paid on behalf of 25 deceased pensioners in 07 divisional secretariat offices of Kaluthara district.	It has been reported that the overpayment is being collected in the year 2022 and some pensioners have been charged in full.	Action should be taken to recover the related excess payments and to prevent such situations in future.

3.5 Answering to Audit Queries

Audit Observation	Comments of the Accounting Officer	Recommendation
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It had not been answered to 24 audit queries issued to the district secretariat had not been answered as on 31 May 2022.	It has been informed that after receiving the answers from the divisional secretariats and other institutions, they will be submitted immediately.	Audit queries should be answered in a timely manner and relevant corrections should be made.

3.6 Management Inefficiencies

The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
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<p>(a) Out of the allocation of Rs. 1,466,813,225 received from the year 2017 to 2021 for build 918 houses on the concept of “house to house” for families who are completely damaged by natural disasters in Kaluthara district and identified as high risk by the National Building Research Organization, Rs. 1,002,291,323 had been given to the beneficiaries as at 31 December 2021. It was observed that the officials had failed to complete 397 houses from the beneficiaries.</p>	<p>It was reported that not receiving the final installment due to unwillingness to demolish houses, that the completion of the construction has been delayed due to factors such as delays in the relevant construction after receiving the installments, delays in the construction due to natural disasters and covid situation and lack of imprest in comparison to the allocations given and other practical issues.</p>	<p>Necessary action should be done to complete the houses of the beneficiaries who have been given money and action should be done to provide solutions to the existing problems.</p>
<p>(b) No evidence was submitted that the officials confirmed the need for firearms to the relevant parties during the renewal of firearms licenses and although it is the responsibility of the District Secretary and divisional police authorities to take legal action against the licensees who do not renew their firearms licenses within the prescribed period in order to prevent the prejudicial use of firearms as serious threats can be made to wild animals and civilian lives by the possession of firearms in the hands of unsuitable persons, it was observed in the sample inspection conducted in the Kaluthara and Mathugama divisional secretariats that adequate legal measures have not been taken for 31 firearms whose licenses have not been renewed while maintaining proper coordination between those institutions.</p>	<p>It was informed that the license renewal period is extended due to the covid epidemic situation, the license holders have been informed to collect the arrears and the police have been informed to collect illegal firearms and they will work in proper coordination with the relevant divisions in future.</p>	<p>A formal survey should be conducted in connection with the relevant divisions to determine the need for further possession of firearms and legal action should be taken against persons who do not renew their firearms licenses.</p>

- (c) The number of plots of land occupied by unauthorized persons in the 14 divisional secretariats of Kaluthara district was 6,893 as at 01 January 2021 and only 1,738 plots of land had been legalized by 11 divisional secretariats with 262 land kachcheris in the year under review. 309 plots of land had been regularized in Millaniya, Horana and Panadura divisional secretariats, but none of the plots had been regularized in the year under review.
- It has been reported that the answers will be submitted later as they are to be received from the regional offices.
- Regularization of unauthorized land should be done immediately.
- (d) Among 14 divisional secretariats, it was observed that pensions are being paid to 34 pensioners in 5 divisional secretariats without permanent or temporary pension file and a sum of Rs. 30,829,185 was paid only in the year under review. Accordingly, the management had not taken steps to introduce formal procedures to prevent errors, fraud or irregularities in the payment of pensions without permanent or temporary pension files.
- An instruction letter has been sent to all the divisional secretariats of the district on 03 August 2017 to prevent possible errors, frauds and irregularities in the payment of pensions without permanent or temporary pension files.
- Pensioners who do not have files should be investigated and pension entitlements should be verified and should be made permanent or temporary files.
- (e) The overpaid pension amount as at 31 December 2021 was Rs. 13,294,964 in 165 pension files of 14 divisional secretariats in Kaluthara district and they were being recovered in installments and due to the death of 15 pensioners in 06 divisional secretariats, it was not possible to collect Rs. 962,672.
- The divisional secretariats have been informed to search the alternative measures that can be taken to recover the unrecoverable money.
- Arrangements should also be made to properly recover the overpayment.
- (f) The Pullerton industrial estate in Kaluthara divisional secretariat had not been leased or lease approval letters had been issued for 20 institutions that had been given land on long term lease basis at the end of the year under review. According to the calculation based on the gross assessment of the land by the Colony Officer, it was observed that there is a possibility of
- It has been reported that inquiries have been made to the Land Commissioner to collect taxes based on the gross assessment and that further action will be taken as per the received instructions.
- Immediate steps should be taken to collect the arrears of taxes by handing over the enjoyment of the land and disciplinary action should be taken against the officials who have not taken proper action yet.

collecting a tax amount of Rs. 48,283,020 related to the period from 2006-2022 from the 20 lessees. The Commissioner General of Lands had instructed the regional secretariats to levy taxes on the gross valuation of the lands assigned to enjoyment by the circular No. 2021/06 dated 13 October 2021. But, since the Kaluthara divisional secretary had not completed the work related to the transfer of the land enjoyment, the government had lost the above tax revenue. Further, tax was not charged on 5 lands in Mathugama Pallegodawaththa industrial town and 5 lands given to the long term lease base on agricultural and industrial basis in Agalawaththa divisional secretariat and the authorities had not taken steps to transfer the enjoyment of those lands and collect the tax amount based on the estimated valuation.

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| (g) | Although there were 416 unauthorized plots of government land in Kaluthaa and Agalawaththa divisional secretariat division 2, only 39 unauthorized residents had their details. There are 124 vacant lands in divisional secretariat division 2, but the information related to identification in the land division of the divisional secretariat office is available only in 114 vacant lands. | No answers. | Necessary detailed information should be properly maintained in the land division of the divisional secretariats and the trespassers should be regularized or other action should be taken. |
| (h) | Due to factors such as the corona epidemic situation that started in the year 2020, the economic situation that arose in the country at the same time, the deterioration of government income etc., the Accounting Officers had to work prudence in incurring public expenditure and every transaction had to be done economically, efficiently and effectively. But, without paying attention to the current conditions, the | Since there has been no new extension from the second floor to the fifth floor for a long time, it has been informed that these renovations were done with the aim of making the office premises as a pleasant place for the public and for the safety of documents. | The formal action should be taken against the officials who approved, recommended and certified the illegal expenditure and action should be taken to ensure that future expenditure will be done with economic efficiency and effectiveness. |

district secretariat had incurred expenses or incurred liabilities for payments of Rs. 17,611,828 for the non-essential repair and decoration of the office premises in the year under review. The audit observed that, except for the repair of the roof of the auditorium, all other projects were not implemented, but the ability to provide uninterrupted services to the public remained.

4. Rendering Services to the Public

----- Audit Observation -----	----- Comments of the Accounting Officer -----	----- Recommendation -----
Actual progress in performance could not be measured due to factors such as differences in the performance target numbers submitted to the ministry and the audit by the Chief Internal Auditor of the district secretariat, the selection of indicators that did not mention a specific function such as the Grama Niladhari's office inspection, and the non-comparability of the performance indicators given to the audit by the divisional secretariat supervisory officer with the indicators given by the internal Auditor	It was informed that the annual evaluation of the activities of the Grama Niladhari, the government officer who provides services directly to the public, was considered as a target and the non-comparability of the figures was an omission by the officers.	Correct performance indicators should be identified to provide more service to the public and supervisors should be informed and work towards achieving the targets.

5. Human Resource Management

----- Audit Observation -----	----- Comments of the Accounting Officer -----	----- Recommendation -----
(a) According to annexure 2 of Public Administration Circular No. 02/2018 dated 24 January 2018, the human resource plan prepared for the district secretariat for the year 2020 was not submitted for audit. Further, the employee training plan and performance agreements for the staff were not signed.	It has been informed that a proper human resource plan will be prepared for the year 2022 and performance agreements will be signed.	Should be act as per the circular.

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| (b) | Although 2.2.2 of the annual transfer policy for officers of the combined services states that officers who have completed more than 05 years in the same working place are subject to transfers, it was observed that 27 officers with more than 05 years of service as at 31 December 2021 are working in the district secretariat. | It is reported that the internal transfer board has been transferred 9 officers in the year 2022. | The transfer should be done as per the transfer policy. |
| (c) | 08 redundant staff and 10 deficient staff were observed in the Agalawaththa divisional secretariat on 31 December 2021. | No answers are given. | Attention should be paid to approve staff. |