

1. Financial Statements

1.1 Opinion

The audit of the financial statement of the District Secretariat, Kurunegala 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 statements 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 including my comments and observations on the financial statements of the District Secretariat, Kurunegala was issued to the Accounting Officer on 30 May 2022 in terms of Sub-section 11 (1) of the National Audit Act, No. 19 of 2018. The Annual Detailed Management Audit Report relating to the District Secretariat was issued to the accounting officer on 31 May 2022 in terms of Sub-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, the financial statements of the District Secretariat, Kurunegala give a true and fair view of the financial position of the District Secretariat, Kurunegala 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 Opinion

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuS). My responsibilities, under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. 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 such internal control as management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

As per Sub-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 annual and periodic financial statements to be prepared.

As per Sub-section 38 (1) (c) of the National Audit Act, the Accounting Officer shall ensure that effective internal control system for the financial control of the District Secretariat exists, 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 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, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit 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 and Regulatory Requirements

I express the following matters in accordance with 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

a) Non-compliances with Laws, Rules and Regulations

Instances of non-compliances with provisions of Laws, Rules and Regulations observed in audit test checks are as follows.

Reference to Laws, Rules and Regulations	Observation Value	Non-compliance	Comment of the Accounting Officer	Recommendation
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	Rs.			
(i.) Financial Regulations of the Democratic Socialist Republic of Sri Lanka.				
a) Financial Regulations 104(3) & (4).	168,739	In case of a delay of more than 07 days for submitting the detailed report on accidents, a preliminary reports should be presented. Furthermore, the detailed report should be presented within 03 months from the date of accident. However, it had not been so done with respect to 08 vehicles belonging to 08 Divisional Secretariats. The	Presenting the preliminary and detailed reports had been delayed, and it was informed that such delays would be averted in due course.	Financial Regulations relating to the accidents should be followed.

losses on three of those vehicles had not been recovered from the relevant parties.

b)	Financial Regulations 137(i) &(v), 215(i) and 237 (iii).	2,485,911	Twenty two cheques written by the Divisional Secretariat, Panduwasnuwara (West) despite the non-receipt of supplies, had been retained at hand over a period of 35-43 days without being issued to the payees.	Payments could not be made due to difficulties as goods had been ordered under limited trade facilities. The provision and imprests given by the end of the year had to be utilized before the end of the year.	As per the Financial Regulations, payments should be made after receiving the goods.
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(ii.) Public Finance Circulars.

a)	Circular, No. MF/NPD/01/2 021 dated 11 January 2021 and Circular No. MF/NPD/01/2 021 dated 10 February 2021 of the Secretary to the Ministry of Finance.		Forty one per cent of the total of the decentralized provision had been provided for community-based associations by 05 Divisional Secretariats without considering the expected areas. Provision had not been allocated for all the 13 areas mentioned in the Circulars.	As the Members of Parliament had been entrusted to present project proposals, all of the areas could not be covered.	Provisions of Circulars should be followed.
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b) Circular No. MF/NDP/01/2 021 of the

Secretary to
the Ministry of
Finance dated
11 January
2021.

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|-----|---------------|------------|---|---|-------|
| i. | Paragraph 02. | 10,806,441 | A minimum of 50 per cent of the total provision made for a Member of Parliament equivalent to Rs. 05 million had not been allocated on physical infrastructure development (construction) projects; instead, 72 per cent of the provision equivalent to Rs. 10,806,441 had been spent on disbursing items among the registered associations and developing the Dhamma schools and temples in the divisions of Divisional Secretariats of Panduwasnuwara (West) , Bamunakotuwa and Alawwa. | Instructions have been given that a minimum of 50 per cent of the provision be spent on construction projects whilst 50 per cent of the provision be spent on projects targeting social economic and spiritual development. | - Do. |
| ii. | Paragraph 2.4 | 2,277,068 | Projects based on population, poverty and area of land in the Divisional | Due to inadequacy of provision allocated | - Do. |

Secretariats had not annually, requests been selected for the had been made by disbursement of the community to decentralized fulfil the provision made for requirements Members of under Parliament; instead, miscellaneous the items had been provision made distributed to 37 for Members of associations in 04 Parliament. As Divisional such, items had Secretariats in 80 been provided for instances in the year the same 2021 whereas the associations. items had been provided for the same 27 associations in 27 instances in the year 2019.

iii. Other Circulars

- a) Paragraph No. 03(i) of the Letter, No. MDTF/Trg/Mg t/of the Director General of the Department of Multi-purpose Development Task Force and Paragraph 03(a) of the Letter dated 25 November 2020.
- Three applicants who had not completed the minimum qualification of passing the 8th Grade along with 11 applicants overqualified by passing the G.C.E (OL) examination had been recruited as Multipurpose Development Trainees to the Divisional Secretariat of Kuliypitiya (West) contrary to the provisions of the Circular.
- The training activities were suspended once it was verified that they had passed the G.C.E. (OL) examination. According to the instructions received, those trainees had been reinstated and allowance in arrears had been paid as well.
- Recruitments should be made in accordance with provisions of Circulars.
- b) Samurdhi Guidelines 2021/01.
- As the Economic Development Officers and the Samurdhi Development Officers are held
- Instructions have been given that details of beneficiaries selected from the divisions in which
- Provisions of the Guidelines for Economic Development Officers and Samurdhi

responsible for the projects have Development implementation of been Officers should be projects, all the implemented followed. details relating to should be beneficiaries should recorded in the be recorded in their field note books and field note books and follow-up which should be action should be made available to the taken. Audit whenever necessary. Notes relating to the improvement of livelihood of the beneficiaries in each day should be maintained therein, but it had not been so done.

c) Circular No. 01/2018 of the Commissioner General of Lands dated 25 March 2018.

The Divisional Secretary should be informed through bi-weekly reports by the Grama Niladharis on unauthorized constructions in their respective divisions. Nevertheless, such reports had not been provided for the Divisional Secretary by the Grama Niladharis relating to 04 Divisional Secretariats. When there were no such constructions, empty reports had not been provided as well.

The Grama Niladharis have been instructed to properly report the Divisional Secretary on unauthorized constructions.

The Grama Niladharis should properly maintain the bi-weekly reports in accordance with provisions of Circulars.

2. Financial Review

2.1 Management of Expenditure

The following observations are made.

Audit Observation	Comment of the Accounting Officer	Recommendation
<p>a) Annual budgetary provision had not been made on other Heads of expenditure in regard of purchasing paddy and activities relating to manufacture of organic fertilizer. Sums of Rs. 65,000,000 and Rs. 100,000,000 had respectively been provisioned on those two Heads of expenditure through supplementary estimates. Once expenses had been incurred therefrom during the year, sums of Rs. 63,591,862 and Rs. 94,565,000 had not been utilized during the year.</p>	<p>Although attempts had been made to properly utilize the provision, paddy could be sold to the private sector without hassle following the lack of interest of the farmers in selling paddy to the Government whilst 20 <u>multi chopper</u> machines had only been purchased incurring Rs. 05 million out of the sum of Rs. 100 million given to manufacture organic fertilizer.</p>	<p>Action should be taken to ensure effective utilization of provision as productive as possible.</p>
<p>b) Sums of Rs. 617,000 and Rs. 773,000 had been transferred to the Objects, 272-1-2-1001 and 272-1-2-1002 under Financial Regulation 66. The savings under those Objects amounted to Rs. 1,699,600 and Rs. 1,962,214 respectively, thus indicating 275 per cent and 254 per cent of the provision spent. As such, it was observed that provision had been transferred without any requirement whatsoever.</p>	<p>Despite being stated that the value should be computed in transferring provision, this inefficiency had occurred due to failure of the Divisional Secretariats in doing so.</p>	<p>The estimated provision should be managed properly.</p>

2.2 Utilization of Provision Granted by Other Ministries and Departments

The following observations are made.

Audit Observation	Comment of the Accounting Officer	Recommendation
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a) According to Paragraph 03 of the Public Finance Circular, No. 01/2014 dated 17 February 2014, every Ministry and Department should prepare and implement an annual Action Plan relating to the financial year. However, due to failure in achieving the project goals in accordance with that Action Plan, a sum amounting to Rs.1,255,751,480 remained unutilized out of the provision received from 15 Ministries and 08 Departments.	The provision received from 15 Ministries and 08 Departments could not be utilized on the programs as scheduled due to reasons such as, project activities had been done on “work from home” basis, travel restrictions imposed throughout the year, minimizing the assembly of people, and limits on travel expenses.	A proper methodology should be put in place to obtain on time the provision from other Ministries and Departments. Action should be taken to ensure optimal utilization of provision.
b) Hundred per cent of the provision totalling Rs. 14,896,459 received from 03 Ministries and 06 Departments had not been utilized. As such, project goals had not been achieved in accordance with the Action Plan.	Approval had not been given to revise the provision, and the relevant programs had not been implemented thus causing that situation.	Action should be taken to achieve project goals through provision received from Ministries and Departments.

2.3 Issue and Settlement of Advances

Audit Observation	Comment of the Accounting Officer	Recommendation
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A loan balance totalling Rs. 396,674 remained receivable from 04 deceased officers relating to 04 Divisional Secretariats as at 31 December 2021. A sum of Rs. 211,131 being the loan balance of a Grama Niladhari in the division of Divisional Secretariat, Rideegama remained due over a period of 17 years and 07 months. Action had not been taken in terms of Section 04 of Chapter 24 of the Establishments Code on that loan.	Further action is being taken to recover the loan balance of Rs. 396,674 receivable from the deceased officers.	Efficient measures should be taken for the recovery of due loan balances.

2.4 Deposit Balances

Audit Observation	Comment of the Accounting Officer	Recommendation
Contract retention monies amounting to Rs. 80,396,403 under the account number 6000-0-0-16-0-42 relating to the District Secretariat and 22 Divisional Secretariats thereunder, had been retained in the General Deposits Account without being released over a period of 02-05 years.	A sum of Rs. 24.6 million has already been released out of the retention monies existing over 02-05 years relating to the District Secretariat and 22 Divisional Secretariats whereas action will be taken to release the balance of Rs. 59.2 million once the imprests have been received.	Action should be taken in terms of Financial Regulation 571 on the lapsed deposits.

3. Operating Review

3.1 Vision and Mission

Audit Observation	Comment of the Accounting Officer	Recommendation
The main objectives included the renewal of firearms though, the annual licenses of 726 firearms relating to 30 Divisional Secretariats had not been renewed in the year 2021.	Those licenses of the year 2021 have been renewed in the year 2022.	The licenses of firearms should be renewed annually.

3.2 Non-achievement of expected Outcome

The following observations are made.

Audit Observation	Comment of the Accounting Officer	Recommendation
a) A sum of Rs. 3,223,218 had been spent on a sweets and handicrafts manufacturing project in the division number 1345-Meegaspitiya under the Soubhagya production village project implemented in the Divisional Secretariat, Panduwasnuwara (West). Of that, a sum of Rs. 2,507,218 had been spent for	The said 02 roads had been highly dilapidated, and hence required development. More families live on the sides of the roads.	Projects should be selected in a manner that more people are benefitted.

constructing 02 roads for the village, but only 06 families had been directly benefited from those 02 roads. As such, attention had not been brought to improve a rural road in view of more beneficiaries.

- b) It was observed in the audit test check conducted on 22 November 2021 that the water in the well dug at Thimbiriyawa, Waduressa in the division of Divisional Secretariat, Nikaweratiya in the year 2015 by the Ministry of Disaster Management at an expenditure of Rs. 2,108,552, was not suitable for drinking. As the water requirements of 20 families in the area could not be met, the objective of digging the well could not be achieved.
- As a measure to encourage the beneficiaries to fulfil the requirement of drinking water, action had been taken to apprise the community on the importance of purifying units. As rainy weather prevailed in this area over the 02 preceding years, the well is not used much due to abundance of water sources.
- Projects should be implemented in a productive manner thus achieving the goals.
- c) The Kongahamula-Meegaspitiya road constructed at an expenditure of Rs. 2,109,616 under the Soubhagya production village project in the division of Divisional Secretariat, Panduwasnuwara (West), had ended at a private land without being connected to any other road. The ditch on the right side of the road constructed at a value of Rs. 435,987 remained highly unsafe.
- The land where the road ends belongs to three owners. A system of drainages and culverts will be constructed for this road in due course.
- Projects should be implemented in a productive manner thus achieving the goals.
- d) A sum of Rs. 905,975,386 had been spent on 1,159 projects under the development programme named “Sapirigamak” and the rural infrastructure development programme implemented during the year in 08 Divisional Secretariats; and, 89 per cent of that sum equivalent to Rs. 802,594,963 had been incurred on the component for constructing roads, thus failing to achieve the macro economic goals through a centralized economy by
- The rural committees have been informed to select development proposals capable of achieving the macro economic goals in due course.
- Projects should be implemented in an economic, efficient, and productive manner thus fulfilling the expected goals.

minimizing discrepancies with rural development as per the policy framework “Vistas of Prosperity” mentioned in the Circular No. 01/2019 of the Ministry of Finance, Economic and Policy Development dated 06 December 2019.

- e) Under the rural playground development programme – 2018, a sum of Rs. 1,936,188 had been paid for constructing the “Santipottwatta” playground at the Grama Niladhari division of Galahitiyawa in the Divisional Secretariat, Kuliyaipitiya (West). The Divisional Secretary has informed to correct the defects of this playground that had been constructed by the Pradeshiya Sabha, Kuliyaipitiya. Projects should be implemented in an economic, efficient, and productive manner thus fulfilling the expected goals.
- f) A stony land near the Katupota Police in the division of Divisional Secretariat, Bamunakotuwa had been selected to construct a playground, and a sum of Rs. 1,470,000 had been paid on the preliminary works of filling the ground with soil up to 41 per cent and fencing the land with wire mesh. As filling the ground with soil had not been completed and there was another playground away from 500 meters, this playground remained idle. Chairman of the Pradeshiya Sabha, Wariyapola has been requested that action be taken to make use of the playground by completing the filling process. It has been informed that there were difficulties in using the playground for sporting events of the division of the Sabha. - Do.
- g) A provision of Rs. 100,000,000 had been granted on 01 October 2021 by the Department of Agrarian Development for manufacturing organic fertilizer. Although 20 multi chopper machines had been purchased by incurring a sum of Rs. 5,404,000 therefrom as at the end of the year, those machines that had been received on 06 April 2022, were not used. Furthermore, provision amounting to Rs. 94,596,000 had been returned, thus observing that the benefits expected It had been scheduled to purchase 56 multi choppers for manufacturing organic fertilizer, but only 20 had been purchased. As such, the saving of Rs. 94,596,000 had been returned to the Director of National Budget of the Treasury. Provision should be utilized to gain the expected benefits.

from the project had not been reaped.

- h) Although a sum of Rs. 11,185,891 had been spent on 07 projects implemented by 03 Divisional Secretariats, those projects had not been completed to be functional. Those projects could not be completed due to lack of provision. Action should be taken to complete the projects in order to gain the benefits.

3.3 Delays in the Execution of Projects

The following observations are made.

Audit Observation -----	Comment of the Accounting Officer -----	Recommendation -----
a) For laying the drainage system in 05 Grama Niladhari divisions of the Divisional Secretariat, Narammala in the year 2020 under the “ Sapiri Gamak” project, a sum of Rs. 5,424,036 had been paid to the National Water Supply and Drainage Board on 29 December 2020. Nevertheless, the project had not been completed even by the date of audit on 29 December 2021.	The National Water Supply and Drainage Board has been informed recurrently that the laying of pipes relating to the projects be expedited.	Action should be taken to implement the projects without delay.
b) There was a delay in implementing 03 projects for laying water pipes worth Rs. 3,000,000 identified by rural committees to be implemented in 03 Grama Niladhari divisions of the Divisional Secretariat, Kobeigane.	It has been informed by the National Water Supply and Drainage Board that the projects could not be completed due to scarcity of accessories.	- Do.

3.4 Projects Without Progress Despite the Release of Funds

 The following observations are made.

Audit Observation	Comment of the Accounting Officer	Recommendation
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<p>a) The State Ministry of Backward Rural Areas Development and Promotion of Domestic Animal Husbandry & Minor Economic Crop Cultivation had implemented a sorghum and green gram cultivation project in the divisions of 10 Divisional Secretariats for livelihood development of the people living in backward rural areas. However, only 20 per cent or 52,873 kg of the expected harvest of 256,200 kg had been reaped. As such, the expected outcome of the project could not be fulfilled.</p>	<p>Provision had been received for this project at the beginning of “Maha” season of the year 2021. As such, the goals could not be reached due to torrential rains.</p>	<p>Projects should be implemented to achieve the outcome and goals expected.</p>
<p>b) A sum of Rs. 50,000,000 had been given by the State Ministry of National Security, Home Affairs and Disaster Management on 16 February 2021 to the District Secretary, Kurunegala for purchasing paddy in “Maha” season of 2020/2021, and Rs. 1,408,137 had been spent therefrom. Accordingly, a sum of Rs. 48,591,862 equivalent to 97 per cent of the total provision had been returned to the Treasury on 07 June 2021 without being utilized.</p>	<p>Paddy could not be purchased due to reasons such as, the Paddy Marketing Board had directly purchased paddy from the farmers at higher prices, and making payments to the farmers via Government banks when purchases had been made through small and medium scale paddy mills.</p>	<p>Goals expected from the provision should be achieved.</p>

3.5 Annual Performance Report

The annual performance report should have been prepared in accordance with the Format given in Guideline 14 issued by the Department of Public Finance in terms of Section 10.2 of the Public Finance Circular, No. 02/2020 dated 28 August 2020.

The following observations are made in that connection.

Audit Observation -----	Comment of the Accounting Officer -----	Recommendation -----
a) The expected output of the two components of constructing the weekly fairs and sale centers rurally, and installation of solar panels for houses, remained less than 49 per cent; and, those components had not been included in the Action Plan. The provision allocated or the number of projects completed by the end of the year along with the values had not been mentioned therein.	Components have been identified in the Action Plan based on programs implemented through the Line Ministry.	Provision should be allocated in accordance with the annual Action Plan thus implementing the projects.
b) The percentage of completion of the 02 components for constructing access roads and rural water supply remained 50-75 per cent. As for the 03 components of development of playgrounds and religious centers and social welfare, the percentage of completion remained 75-89 per cent. The same remained 90-100 per cent relating to the 03 components of supply of sanitary facilities, housing development and other. However, none of those components had been shown in the annual Action Plan. The number of completed projects and the actual expenditure incurred thereon had not also been shown in the performance report in order to prepare the performance indicators.	Performance indicators have been prepared based on the programs implemented through the Line Ministry.	Provision should be allocated in accordance with the annual Action Plan thus implementing the projects.

3.6 Projects Implemented through Local Funds

Audit Observation	Comment of the Accounting Officer	Recommendation
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Sri Lanka Air Force had been entrusted with the construction of anicuts at Mudulla and Kotakimbulakada in the division of Divisional Secretariat, Panduwasnuwara (West), and 2,506 units of 94 items left after the constructions had remained at the stores even by the date of audit.	Those items have been safely stored at the warehouse of the office until the project is recommenced.	Measures should be taken properly on those items.

3.7 Assets Management

The following observations are made.

Audit Observation	Comment of the Accounting Officer	Recommendation
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a) A land belonging to the Divisional Secretary at the Division No 317- Othota, Divulwewa in the Divisional Secretariat, Nikaweratiya had remained encroached by several persons over a period of many years. No action had been taken either to remove the unauthorized constructions or take any other measures.	It has been informed by the Divisional Secretariat, Nikaweratiya that a detailed report would be presented in this regard in due course.	Action should be taken against the encroachers.
b) Lands in extent of 9,486 hectares, 29 buildings, and a pushbike pertaining to 07 Divisional Secretariats, remained idle over a period of 02-30 years.	It has been informed that action would be taken to make use of the assets remaining idle under those Divisional Secretariats.	Proper action should be taken on the assets remaining idle.
c) Five usable mobile sales outlets remained idle at the premises of the Divisional Secretariat, Nikaweratiya without being used.	Five mobile sales outlets pertaining to the Department of Irrigation, have been kept at the premises of the Divisional Secretariat, Nikaweratiya after being repaired.	- Do.

- d) Twenty five unused asbestos sheets in the length of 10 feet remained stacked over an extensive period at the premises of the Divisional Secretariat, Alawwa without being made use of. Despite being informed that those 25 asbestos sheets, granted in excess under the provincial investment programme, be taken to a Buddhist center, the sheets had not been brought by them. - Do.
- e) Two motorcycles that had not been used over a period of 02-10 years, remained idle at the Divisional Secretariats of Ibbagamuwa and Nikaweratiya. The motorcycle is scheduled to be auctioned by the Divisional Secretariat, Nikaweratiya. The motorcycles pertaining to the Divisional Secretariat, Ibbagamuwa had been returned after being used by a Grama Niladhari, but the motorcycle could not be taken over as the owner was the Grama Niladhari. As such, instructions have been sought from the Commissioner of Motor Traffic in this regard. Formal Action should be taken on the properties remaining idle.
- f) The tractor and the bowser given to the Divisional Secretariat, Nikaweratiya by the Department of Social Services remained unsafely without being used since 2014. The 02 water bowsers given to the Divisional Secretariat, Maho by the Ministry of Disaster Management remained so over an extensive period. Although provision had been requested to repair tractors and bowsers pertaining to 02 Divisional Secretariats, no provision has been received. Measures should be taken expeditiously to make use of the vehicles rotting.
- g) Requests had been made that 26 properties of the Government located in the municipality of the Divisional Secretariat, Kurunegala, be vested in the Kurunegala Municipal Council, but such properties had not been vested formally. Requests for vesting of many of the properties had been made considering the commercial value. Despite the The properties the rights of which could be transferred to the Kurunegala Municipal Council, would be vested in the Municipal Council. Further action will be taken on the possibility of giving the other properties on long term lease. As for the transfer of rights to valuable properties owned by the Government, action should be taken to ensure that only the necessary properties are vested.

possibility of generating revenue for the Government with such properties being given on long term lease, taking action to vest them in the Municipal Council remained contentious.

- h) The land named “Hakurukutiywa, Katuwawewatta” in the division of Divisional Secretariat, Kurunegala with an extent of 169.77 perches, had been encroached. No action whatsoever had been taken to remove them or legalize the land.
- Legal action has been taken against the encroachers.
- Legal action should be taken against those who encroach the Government lands.
- i) An environmental pollution had occurred due to unauthorized grave mining over an extensive period at a Government-owned land with a mountain located at Ratkarawwa, Ayuwandama in the division of Divisional Secretariat, Maspotha. The gravel mining had been done without being authorized by the Geological Survey and Mines Bureau, Central Environmental Authority, and the Provincial Environmental Authority. This land had been provided for several occupants through Grants. External parties earn a considerable income through the sale of gravel with the Government receiving no benefit at all. No action whatsoever had been taken by the parties responsible in this connection.
- No unauthorized gravel mining takes place at present. The Commissioner General of Lands has been informed on the granted lands where unauthorized gravel mining took place.
- Legal action should be taken against the gravel mining at Government lands.

3.8 Losses and Damages

Audit Observation	Comment of the Accounting Officer	Recommendation
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<p><u>Fifty six</u> bags of cement valued at Rs. 52,000 remained unused after construction of the anicuts, Madulla and Kotakimbulakada in the division of Divisional Secretariat, Panduwasnuwara, had been handed over to the stores on 01 May 2020. That stock of cement had become unusable by the date of audit on 03 February 2022 thus resulting in a loss.</p>	<p>The cement that had remained unused after construction of the anicuts, become expired, thus causing losses.</p>	<p>The remaining items should be used for other activities, and disciplinary action should be taken on the failure to do so.</p>

3.9 Uneconomic Transactions

Audit Observation	Comment of the Accounting Officer	Recommendation
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<p>Only 42 per cent or Rs. 102,337,860 out of the provision of Rs. 241,462,756 made by the Presidential Secretariat on the first and second stages of the “Grama Shakthi People’s Movement” implemented in the years 2017, 2018, and 2019, had been utilized thus saving 58 per cent of the provision so allocated. Due to lack of awareness of the relevant officers and the general public relating to the Movement, performance in achieving the objectives of the project, being the improvement of livelihood and infrastructure and capacity development, had remained weak. In general, the project remained inactive.</p>	<p>This situation had been attributed by the reasons such as, failure in summoning the associations due to Covid-19 outbreak in the year 2020 and failure of the officers in meeting the stakeholders at the villages.</p>	<p>Funds allocated under the “Grama Shakthi People’s Movement”, should be dispersed among the beneficiaries properly.</p>

3.10 Management Weaknesses

 The following observations are made.

Audit Observation	Comment of the Accounting Officer	Recommendation
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a) It was stated in the Letter, No. HDM/SEVI/17/3 of the District Secretary, Kurunegala dated 21 December 2020 addressing the Divisional Secretaries that assistants of the Department of Multipurpose Development Task Force would be deployed for janitorial and security services of the premises of the Divisional Secretariats and other offices. Nevertheless, those instructions had not been followed even by the end of the year under review.	It is expected to obtain the services of assistants of the Department of Multipurpose Development Task Force in due course for janitorial and security services.	The assistants of the Department of Multipurpose Development Task Force should be deployed to obtain the required services.
b) In case of an officer being retired or interdicted, the amount spent by an officer on a motorbike, had he obtained one under budget proposals for the period 2014/2015, should be deducted and the balance should be returned to the Department of National Budget in terms of the Letter, No. BD/GPS/130/09/14/MCII of the Director General of National Budget dated 07 July 2015. Nevertheless, 03 Divisional Secretariats had not taken action to recover a sum of Rs. 1,159,360 from 10 such officers relating to motorbikes.	The relevant officers have been informed that legal action be taken in due course to recover the balances relating to motorbikes.	Action should be taken for the expeditious recovery of balances relating to motorbikes from the officers no more in service as per the provisions of the Circular.
c) The grantee of the Plot No. 54 of the Plan No. 47/19/1 ඉ.පි.ක.1326 named "Koskele" and located in the village of Dikwehera of the Grama Niladhari division, 1201- Wedanda pertaining to Walgampattuwa Korale of Divisional Secretariat, Bamunakotuwa, had been provided	Further action is being taken.	Action should be taken in accordance with Circulars, and the loss sustained by the Government should be recovered.

for a company in the year 2009 for constructing a communication tower. The plot had not been taken over by the Divisional Secretariat contrary to Circular No. 2007/03(iii) of the Commissioner General of Lands dated 16 July 2008. As a long term lease agreement had not been entered into with the company by taking over the land, the Government had lost a revenue of Rs. 1,015,000 for a period of 145 months at a monthly rental of Rs. 7000.

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| d) | Thirty six of the 68 Grama Niladhari divisions pertaining to the Divisional Secretariat, Maho had experienced threats of wild elephants. During the 03 preceding years, a sum totalling Rs. 1,980,725 had been paid as compensation on the loss of lives, properties, and cultivations. Nevertheless, the authorities had not taken action to provide permanent solutions such as erecting electric fences and making natural fences for elephants. | The communities in every Grama Niladhari division had been apprised of the electric fences, but the other divisions except for 05, had not made requests for electric fences due to miscellaneous conditions of the project. | Preventive measures should be taken on the losses of lives, properties, and cultivations without delay. |
| e) | As for the acquisition of lands in the divisions of Divisional Secretariats, Ibbagamuwa and Pannala for the sake of miscellaneous development proposals of the Government, the process of acquiring 3,136 and 52 plots respectively had delayed over 01-49 years. | Action is being taken to expedite the land acquisition process. | Formal measures should be taken in acquiring lands, thus expediting the process. |
| f) | Of the overpayment of pensions made to 207 pensioners totalling Rs. 41,217,889 in 10 Divisional Secretariats, a sum of Rs. 22,685,025 remained further recoverable. | Action has already been taken to recover the overpaid pensions in installments. | Measures should be taken for the prompt recovery of overpaid pensions. |
| g) | According to Paragraph 02 of the Circular, No. 01/2019 of the Ministry of Finance, Economic and Policy Development dated 06 | Activities such as, maintaining files relating to all the projects, and making procurements are done by the officers of the | The existing methodologies should be strengthened to ensure efficiency and |

December 2019, the Divisional Secretary had been entrusted to implement projects under the "Sapirigamak" Development Programme. However, due to delays in constructions that the Pradeshiya Sabha had been entrusted with by the Divisional Secretariats of Narammala and Bamunakotuwa, there existed bills in hand. Although there were Technical Officers and Development Officers at the Divisional Secretariat, they had not been involved in those development projects.

Divisional Secretariat, Narammala. Although the Pradeshiya Sabha, Wariyapola had been requested to provide a certain number of projects for the Divisional Secretariat, Bamunakotuwa, the Pradeshiya Sabha did not respond in that connection.

accuracy of the duties performed by the Technical Officers and Economic Development Officers relating to the supervision of projects.

- h) Fifty one per cent or Rs. 33,142,728 had saved out of the sum of Rs. 65,214,952 provisioned by the State Ministry of Samurdhi, Household Economy, Micro Finance, Self Employment, and Business Development in view of Production Villages under 04 Divisional Secretariats. Projects could not be implemented due to reasons such as, increase in prices of the goods, scarcity of construction materials, lack of interest of the contractors, inclement weather, and lack of time. Action should be taken to efficiently implement projects by utilizing the provision made.
- i) As for the "Sapirigamak" project to apply concrete on the road from Ihala Walpola to Wewagedara in the Divisional Secretariat, Ibbagamuwa, 30 cubes of stone, 17 cubes of sand, and 610 bags of cement should have been used as per the standard. However, according to the log book of the Development Officers, only 01 cube of stones, 03 cubes of sand and 200 bags of cement had been used. All the information has not been recorded in the log books. The Development Officers in charge of the division have been informed that all the information relating to the projects to be supervised in due course be recorded in the log books. Reports and notes submitted by the Economic Development Officers relating to the projects should be maintained properly. Internal systems of control should be strengthened.
- j) As for the programme for a domestic household economy among 200,000 Samurdhi families, a sum of Rs. 71,038,365 had been spent out of Rs. 166,653,664 provisioned by the Department of Samurdhi, Development to 05 Divisional Secretariats, thus failing to utilize the balance provision of Rs. 95,615,299. Reasons such as, non-receipt of imprests, Covid-19 pandemic, suppliers not providing quotations, scarcity of goods, and increase in prices of goods, have attributed to this situation. Necessary action should be taken to utilize the provision granted.

- k) Action had not been taken to revoke Samurdhi benefits from the beneficiaries living in the Divisional Secretariats whose livelihood had improved under the domestic household economy development programme implemented among 200,000 Samurdhi families. The rural committees have been informed for revoking the Samurdhi assistance from beneficiaries who had obtained assistance through the programme. Action should be taken to properly identify the Samurdhi beneficiaries in the Divisional Secretariats whose livelihood had improved thereby revoking the assistance given to them.
- l) The Ministry of Industry and Commerce had given machines and equipment worth Rs. 122,264,445 in the year 2017 to implement a textile project as a small industry in 10 Divisional Secretariats. However, that project had not been implemented even up to the date of audit. The machines remained idle. Many practical issues surfaced when works commenced after being trained in the 02 Divisional Secretariats of Polgahawela and Kurunegala. Considering the fair and justifiable issues observed at the other Divisional Secretariats, all the centers have been temporarily closed. Prompt action should be taken to make use of the machines and equipment remaining idle.

4. Achieving Sustainable Development Goals

Audit Observation	Comment of the Accounting Officer	Recommendation
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The District Secretariat had identified 17 sustainable development goals. However, no provision whatsoever had been made on the 07 th goal being, “ Access to modern sources of energy as a remedy for the energy crisis of the present day ensuring a reliable, sustainable and modern supply of energy affordable to all”. As such, no performance was indicated by the end of the year.	Despite being planned to implement 1,000 ground-based solar power generation projects, no provision had been made thereon by the Department of Samurdhi Development. As such, performance remained zero per cent by the end of the year.	Action should be taken to achieve the sustainable development goals as far as possible in accordance with the Action Plan.

5. Good Governance

5.1 Rendering Services to the Public

Audit Observation	Comment of the Accounting Officer	Recommendation
Public complaints against 02 stone and gravel mines in the Grama Niladhari divisions of Hamangalla and Thambakanda in the Divisional Secretariat, Pannala had been received over several years. No proper solution had been brought in that connection.	A case was filed by the residents of area at the supreme court against gravel mining, and the verdict thereof has not yet been received by the Divisional Secretariat.	Remedial measures should be taken on the protests and public complaints relating to the illegal gravel mining.

6. Human Resource Management

The following observations are made.

Audit Observation	Comment of the Accounting Officer	Recommendation
a) Vacancies in 02 posts of the senior level and 05 posts of the tertiary level existed at the Divisional Secretariats of Narammala, Ibbagamuwa, Panduwasnuwara (West), and Kobeigane. But, those vacancies were not filled.	An accountant has been appointed on acting basis to the post of accountant at the Divisional Secretariat, Narammala.	Action should be taken to fill vacancies in the Divisional Secretariats.
b) Three officers had been appointed to 03 Divisional Secretariats as language translators, a post not in the approved cadre.	Approval had not been received for the post of language translator.	Approval should be obtained on the post of language translator.

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