

Head 257 - District Secretariat Kaluthara

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of District Secretariat Kaluthara for the year ended 31 December 2022 comprising the statement of financial position as at 31 December 2022 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 District Secretariat Kaluthara was issued to the Accounting Officer on 24 May 2023 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 25 May 2023 in terms of Section 11(2) of the Audit Act. 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 Kaluthara as at 31 December 2022, 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 are 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 Chief 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 judgment 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 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

Audit Observation

Although the receipt of treasury imprest was stated as Rs.5,233,258,423 according to the financial performance statement prepared for the year ended 31 December 2022, due to the amount of receipts from the treasury was Rs.4,920,762,000 according to the statement of imprest accounts for the year 2022 presented with the financial statements, a discrepancy of Rs.312,496,423 was observed among those values.

Comments of the Accounting Officer

That the value of treasury receipts as per ACA-3 in the financial statements is correct, that the reconciliation of that value with the amount of treasury remittances has not affected the balance of the financial performance statement for the year ended 31 December 2022.

Recommendation

Statements of reconciliation should be prepared and submitted for non-conformances and efforts should be made to correct the non-conformities and prevent such defects in the future.

1.6.2 Statement of Financial Position

Non-Financial Assets

The following observations are made.

Audit Observation

- (a) When comparing the closing balances of 08 non-financial assets stated in the financial statements for the previous year presented as on 31 December 2021 with the total of the opening balance of the non-financial assets in the financial statements presented for the year under

Comments of the Accounting Officer

The opening balance of the treasury printed statement for the year 2022 in two divisional secretariats showed an incorrect value. That incorrect value was shown due to technical errors during WEB

Recommendation

Statements of reconciliation should be prepared and submitted for non-conformances and efforts should be made to correct the non-

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| <p>review as the statement of non-financial assets (ACA-6/SA 82) on 31 December 2022, a discrepancy value of Rs.310,597,605 was observed.</p> | <p>UPLOAD. That the closing balance shown in the SA 82 report as on 31 December 2022 is a correct figure as the Treasury has taken steps to correct those incorrect values in the year 2022.</p> | <p>conformities and prevent such defects in the future.</p> |
| <p>(b) Although the value of the work in progress in the District Secretariat and 14 Divisional Secretariats at the end of the year under review was Rs.388,756,237 as per the report of non-financial asset movement according to the CIGAS program as of 31 December 2022, due to the value of the work in progress on that date was Rs.275,762,780 according to the statement of non-financial assets (ACA-6 statement) included in the financial statements, a discrepancy of Rs.112,993,457 was observed between the said balances.</p> | <p>It is accepted that the fixed asset values are not recorded correctly in the report generated from the summary of the consolidated accounts which includes the data of the 14 Divisional Secretariats and the District Secretariat. The Public Accounts Department was also informed about this. It is accepted that the value of work in progress (WIP) also shows variations due to this.</p> | <p>Statements of reconciliation should be prepared and submitted for non-conformances and efforts should be made to correct the non-conformities and prevent such defects in the future.</p> |
| <p>(c) Although the sum of non-financial assets purchased and disposed during the year was Rs.50,848,337 and Rs.6,275,253 respectively according to the schedule of non-financial assets presented by the District Secretariat, the said values had not been included under the purchases and disposals of the non-financial assets report of the year under review.</p> | <p>Since the Treasury has taken steps to correct this difference in (a) above, that the final balance has been corrected by adjusting for the difference without including the purchases and disposals during the year.</p> | <p>These adjustments should be entered under purchases and disposals in the non-financial asset report.</p> |
| <p>(d) The approvals related to the adjustments for the opening balance of Rs.53,190,718 in the non-financial assets report and the related journal entries and schedules as on 01 January 2022 as per Treasury Table SA 82 were not submitted for audit.</p> | <p>That the adjustments for the assets are made by the respective Divisional Secretariat Office, the approvals and schedules related to those adjustments are with the Divisional Secretariat Office and they will be brought to the head office and filed in the future.</p> | <p>Approvals, journal entries and schedules relating to adjustments to opening balances should be submitted for audit.</p> |

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| (e) | Although the new buildings with a value of Rs.153,768,738 which indicated as work in progress in the non-financial assets report in the financial statements of the year under review was being used for office work from 2020 to 2022, it was further shown under work in progress as 31 December 2022. | Since the office buildings mentioned here are the buildings that have been completed, that the value of the buildings will be included under the buildings of the District Secretariat and transferred to the office of the divisional secretariat. | Completed buildings should be capitalized under buildings and not be stated under work in progress. |
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2. Financial Review

2.1 Certification of Chief Accounting Officer/Accounting Officer

According to the provisions of Section 38 of the National Audit Act No. 19 of 2018, although the Accounting Officer should have made assurances regarding the following matters, did not act accordingly.

Audit Observation	Comments of the Accounting Officer	Recommendation
Although the Chief Accounting Officer and the Accounting Officer should ensure that an effective internal control system is developed and maintained for the financial control of the District Secretariat and that the effectiveness of the system should be reviewed from time to time and the necessary changes should be made accordingly to make the system effective and the reviews should have been done in writing and a copy of the same should have been submitted to the Auditor General, a statement that such reviews had been made was not submitted to the audit.	In order to maintain financial control and an effective internal control system in the district secretariat, that the internal control systems are implemented and from time to time the systems that need to be further improved are identified and new internal control systems are introduced as appropriate. It has been noted that the systems that need to be further improved in the future have been identified and new internal control methods have been introduced for that purpose.	It should be act in accordance with the provisions of Section 38 of the National Audit Act No.19 of 2018.

2.2 Non-compliance with Laws, Rules and Regulations

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

		Observation	Comments of the Accounting Officer	Recommendation
Reference to Laws, Rules and Regulations	Value Rs.	Non-compliance		
(a) Financial Regulations 396 (d).	1,786,752	As on 31 December 2022, regarding 17 overdue checks with a value of Rs.1,786,752 issued from 05 bank accounts with a period between 01 and 14 months had not been dealt with as per the financial regulations.	That the relevant entities will be informed to settle the check before the expiry of 06 months.	That the Financial Regulation should be followed.
(b) Public Administration Circular No.14/2019 dated 31 May 2019.		117 pension files of 02 Divisional Secretariats of Panadura and Horana had not been amended as per the circular even on 31 December 2022.	Answers had not been submitted.	That it should be act as per the circular and to take disciplinary action against officials who have not done so.
(c) Paragraph 06 of the Public Administration Circular Letter No. 02/2019 dated 30 May 2019.	5,179,949	Due to the fact that the information of the deceased pensioners was not updated on time and the list of pensioners was not updated from time to time, there was an amount of Rs.5,179,949 in the Panadura, Beruwala, Horana and Ingiriya Divisional Secretariats that had been informally	That the special attention of registrars issuing death certificates regarding this will be expected to be done.	That it should be act as per the circular and to take disciplinary action against officials who have not done so.

overpaid on behalf of the deceased pensioners on 31 December 2022 and should be further recovered.

- (d) The Gun Ordinance No.33 of 1916 (authority 182) as amended by Act No.22 of 1996 and Ministry of Defense Circular No.06/2020 dated 26 August 2020.

- (i) Sections 5(1), 22(1), 22(2)(g), 23(1) and 23(3), and Section 3.4 of the Circular.

That 15 and 22 firearms are in possession of individuals in the Horana and Panadura Divisional Secretariats respectively without renewing the licenses and without temporarily handing over those firearms and, evidences were not submitted that 12 firearms in the Horana Divisional Secretariat were renewed for a period of 10 to 20 years and 20 firearms in the Panadura Divisional Secretariat were renewed for a period of 06 to 10 years among them.

That the reports have been called from the Superintendent of Police, Panadura and Horana as well as from the Divisional Secretariats regarding the mentioned firearms and actions are being taken in this regard based on the reports received.

That it should be act as per the provisions of Act and the circular and to take disciplinary action against officials who have not done so.

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| (ii) | Section 3.6 of Circular. | In order to confirm that the need for firearms is further exist during the renewal of firearms licenses, although the extract or certified copies of deed about the existence of relevant agricultural land and animal farms should be obtained, the Horana, Panadura and Ingiriya Divisional Secretariats that were sampled had not act accordingly. | Answers had not been submitted. | That it should be act as per the provisions of Act and the circular and to take disciplinary action against officials who have not done so. |
| (iii) | Section 4.1 of the Circular. | The divisional secretariat of Panadura and Ingiriya which covered by sample audit had given recommendations to obtain firearm licenses for 09 people between the ages of 65-70 in the year 2023 without obtaining a medical certificate obtained from a government recognized doctor that they are in a physical and mental condition suitable to use a firearm. | That the licensees aged 65-70 belonging to Ingiriya Divisional Secretariat have submitted formal medical certificates. | That it should be act as per the provisions of Act and the circular and to take disciplinary action against officials who have not done so. |

2.3 Deposits

Audit Observation

As on the last date of the year under review, there was a total balance of Rs.345,324,668 in 06 general deposit accounts and the total of Rs.96,328,508 outstanding balance of deposits exceeding two years in respect of 5 general deposit accounts and deposits totaling to Rs.18,141,909 exceeding 05 years was in that balance. In this regard, formal steps had not been taken to correct the deficiencies and errors and pay the deposited money to the relevant parties or to credit the government revenue or formal actions according to the provisions of Financial Regulation 571(3).

Comments of the Accounting Officer

Regular discussions are held in the Audit Committees regarding public deposits that have exceeded 05 years, and that the deposit balances have been settled by getting solutions by that to the problematic deposits and the Divisional Secretaries have been informed about this.

Prompt settlement of overdue deposit balances or act as per the financial regulations.

2.4 Uneconomic Transactions

Audit Observation

- (a) 140 societies had been registered under the Grama Shakthi People's Program which was implemented at the level of the Divisional Secretariat Divisions in the years 2018 and 2019 by allocating provisions under the head of the President's Office and as of 31 December 2022, 103 societies i.e. 74 percent of the societies were inactive and an amount of Rs.55,754,971 that was in the bank accounts of those societies on that date had been remained unused for the relevant program.
- (b) Most of the divisional secretariats in Kalutara district employed development officers in excess of the approved cadre and in five (05) divisional secretariats that were sampled, eighty (80) excess development officers who were employed over the approved cadre had been paid Rs.50,745,984 as salary only for the period from January 2022 to January 2023.

Comments of the Accounting Officer

The Gram Shakti Bureau was attached to the Samurdhi Development Ministry from the year 2019 and that did not receive proper instructions on how to implement the Grama Shakthi program in the years 2020, 2021 and 2022.

The program should be implemented after taking proper advice from the responsible parties.

That the officers have been recruited and assigned according to a decision taken on the basis of a government policy.

The posts should be maintained in the approved cadre or the approved cadre should be revised.

3. Operating Review

3.1 Planning

Audit Observation	Comments of the Accounting Officer	Recommendation
Although an action plan had been prepared by the district secretariat for the year under review, it was observed that the detailed information to be included in the preparation of the annual action plan was not included in accordance with paragraph 03 of the circular No. 1/2014 dated 17 February 2014 and Public Finance Circular No. 02/2020 dated 28 August 2020.	That the relevant officials were informed to prepare the action plan as per the State Finance Circular No. 1/2014 dated 17 February 2014.	That the action should be done according to circulars.

3.2 Delays in the Execution of Projects

Audit Observation	Comments of the Accounting Officer	Recommendation
Although the construction of a new building for the Kalutara Divisional Secretariat started on 13 February 2017, the construction was completely stopped in August 2018 due to the contractor stopping the construction work midway. Again in the year 2020, the remaining work on the building was started as a new contract and was scheduled to be completed in February 2022. Although the construction period has been extended until 15 July 2022 on the various reasons, due to the fact that this construction has been stopped since the year 2021, the building has been subjected to rains and is becoming harmful to the future existence of the building until the date of issuing this report and, due to not being able to use it for the intended purposes although it has been more than 06 years since the construction work started, the staff as well as the public who come to take	The validity period of the bank guarantee has been requested to be extended until June 2023 and since the final bill is still being checked, if there is any loss to the government, it will be recovered through the performance bond and that the building department is currently preparing a new estimate for the remaining work.	The advance amount due to the government and the amount due to the government for the construction materials at the site should be recovered from the contractor and if there is any loss to the government, it should be recovered through the performance bond. The rest of the work should be completed by a new estimate or expeditiously.

various services at the Divisional Secretariat were facing severe difficulties. Rs.39,569,971 had been paid to the contractor for the second phase and since there may be a difference between the bills paid and the value of the work completed so far and although the construction materials that would have been left at the site have been paid for but the materials have been removed from the site by the contractor, even though they should be recovered from the contractor, and although the contractor had agreed to pay the advance amount due to the government and the amount due for the construction materials left at the site in the discussion held on 22 February 2023, the amount due to the government had not been calculated due to the fact that the final bill was not submitted until the audited date of 26 April 2023. The District Secretariat had not taken steps to recover the overpayments before the expiry of the validity period of 31 December 2022 of the bank guarantees of Rs.19,739,864 presented by the contractor.

3.3 Projects under Domestic Financing

The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) The construction of a new building for the Valallavita Divisional Secretariat had been completed under a total cost estimate of Rs.51,000,000 and the contractor had overpaid Rs.921,457 due to the fact that the contractor had paid more than the requested price, paid more than the price mentioned in the relevant building fee schedule and paid more than what was observed during the physical inspection.	The contractor has been informed to submit the plans that will be given after the completion of the work, and that although the contractor requested for a reasonable price	In relation to the performance of this contract, an independent investigation should be conducted and overpayments should be

A report of the completion of the work related to the completion of the industrial work, plans given by the contractor related to the change, plans given after the completion of the work, a chartered electrical engineer's report related to electrical devices, warranty and guarantee certificates and the contractor's warranty certificate were not given to the audit.

Also 65 work subjects mentioned in the estimate were abandoned during the construction and the total value of those abandoned works was Rs.10,893,740. A report were had not been prepared and approvals had not been obtained for these canceled works, changes and additional works as per 8.13.4 of the Procurement Guidelines 2006 and less late fee per day by Rs.6,278 and the amount of late penalties of Rs.3,295,654 that should be charged as per the agreement had not been charged. The audit did not confirm whether the amount of Rs.1,027,556 paid for price variation was correct due to unable to verify whether the delay is correct and fair due to the absence of monthly progress reports and the absence of a work plan.

- (b) Construction of a new building for the Madurawala Divisional Secretariat - The rest of the industry work was done under a total cost estimate of Rs.53,000,000 and there were no written requests of the relevant Divisional Secretaries and recommendations of the responsible officers for all the abandoned works, changes and additional works.

A report of the completion of the work related to the completion of the industry, plans provided by the contractor related to the change, plans provided after the completion of the work, a chartered electrical engineer's report related to the electrical equipment, warranty and guarantee certificates and the contractor's warranty certificate were not given to the audit.

increase for these recovered from the contractor and reports should be prepared and approvals should be obtained for abandoned works, alterations and additional works as per the procurement guidelines.

increase for these construction items on several occasions due to the shortage of construction materials and workers caused by the covid pandemic situation in the country as well as the rapid increase in the price of construction materials etc but it was not given. Accordingly, that the late fee was not charged and due to the delay in taking the measurements, an extra payment of Rs.85,525.50 was made for the 46.23 square feet of the constructed platform and that it will be deducted from the tender deposit amount of the contractor.

That there are several work items mentioned as "Provisional Sum" in these 54 work subjects and that they are the items to be paid after the measurements are taken after the completion of the work. That the late fee per day should be .05% of the contract value and that the same percentage has been recorded as

An independent investigation should be conducted and necessary action taken regarding the performance of this contract.

Also 54 work subjects were abandoned in relation to the engineering estimate during the construction and the total value of those abandoned works was Rs.5,673,089. Also, the late fee per day that should be charged according to the agreement had been deducted by Rs.7,650 and the late penalty of Rs.3,650,016 had not been charged. Although the procurement committee had extended the time until 31 December 2021, due to the fact that a work plan had not been submitted when the time extensions were made and also because the district engineering department had not prepared progress reports regarding the contracts at any time, the said contract period extensions could not be accepted in the audit.

.025% of the late error. In view of the covid pandemic situation in the country at this time, some delays were done due to bad weather from the day the tender was opened to the day it was given to start.

- (c) It had not been mentioned that which building fee schedule was based while preparing the engineering estimate for the renovation of the building of Kithul Development Center in Thiniawala Grama Niladhari Domain of Palindanuwara Divisional Secretariat Division and measuring sheet or note sheet had not been prepared including the quantities obtained at the location to confirm the quantities for each item.

Answers had not been submitted.

An independent investigation should be conducted and necessary action taken regarding the performance of this contract.

The written requests of the relevant parties and the recommendations of the parties responsible for the payment for the additional work done during the renovation of the building were not obtained.

A work plan was not obtained from the contractor to complete the industry within the contractual period and work plan related to the work had not been given.

A report of the completion of industrial work, plans provided by the contractor in relation to the changes, plans provided after the completion of the work, a chartered electrical engineer's report regarding the electrical equipment, warranty and guarantee certificates and the contractor's warranty certificates had not been received.

Although 02 ceiling fans installed in the building had not been installed so that they could be operated, Rs.34,240 had been paid for it, and although 05 doors that were installed could not be locked and closed, Rs.49,683 had been paid for it.

(d) The following observations are made during the sample audit inspection of the projects implemented in 07 divisional secretariats under the Prosperity Production Villages Program - 2021.

(i) During the physical inspection of the Kitul Product Village project that was executed spending Rs.5,080,679 as Rs.2,932,679 for the construction of a Kithul products sales center and Rs.2,148,000 for the provision of Kithul product-related equipment to the beneficiaries under the Prosperity Production Village Program of the Palindanuwara Divisional Secretariat, significant level of cracks and bursts were seen in the back and side walls of the building of the shopping center a year before its construction and although the final bill of Rs.49,500 paid for 02 sets of concrete chairs and tables, physical inspection found only one set of concrete chairs and tables and hence there was a deficiency of a set of concrete chairs and tables worth Rs.24,750.

Answers had not been submitted.

Follow up should be done regarding the failure of projects to achieve the desired objective and action should be taken against those responsible.

Under this project, 05 of the selected beneficiaries engaged in the kithul manufacturing industry were allocated Rs.100,000 each to take the raw materials for the construction of kithul manufacturing plants and the rest was to be built with the contribution of the beneficiary. During the sample inspection, although it had been entered in the goods note that cement bags, block stones, asbestos sheets, tiles and 10 mm wire were supplied to the beneficiaries and the beneficiary also signed that they were received, all the materials which had been given signatures that they were obtained from the building material store had not been received by the beneficiaries and instead of some materials, money was also given from the store for their value.

Answers had not been submitted.

Follow up should be done regarding the failure of projects to achieve the desired objective and action should be taken against those responsible.

<p>However, the intended purpose of the project had not been fulfilled due to the 03 beneficiaries had abandoned the factory building after the walls build only up to the lintel level during the inspection.</p>	<p>Answers had not been submitted.</p>	<p>Follow up should be done regarding the failure of projects to achieve the desired objective and action should be taken against those responsible.</p>
<p>(ii) Although 03 rolls of agricultural protection nets of 03 meters high and 50 meters long per beneficiary had been given to 45 beneficiaries to protect their farmlands under the project implemented by the Beruwala Divisional Secretariat under the Prosperity Project, according to the information submitted to the audit on 23 January 2023, only 05 farmers had used the nets to protect their farmlands and the remaining 40 farmers had not prepared the farmlands using the agricultural safety nets they had obtained. Accordingly, due to Rs.3,060,000 worth nets were not used for any effective purpose within the required period, the expected results of the project had not been achieved.</p>	<p>Under the Prosperity Village Program, agricultural safety nets have been successfully distributed to 45 beneficiaries and the relevant officials have been informed about the actions that can be taken after check about 09 unused safety nets.</p>	<p>Follow-up should be made on non-utilization of agricultural safety nets and action should be taken against the responsible officials for their underutilization</p>
<p>(iii) The high quality Jadi production project had been selected under the Prosperity Production Villages Program of the Panadura Divisional Secretariat and at the present, only a small amount of Jadi production is being carried out in relation to the 03 domains where the program was implemented according to the reports of the development officers in charge of those domains. This project has not reached the desired objective due to various problems faced by Jadi beneficiaries at present. According to the report of the procurement committee for the purchase of barrels for the production of Jadi, although the technical evaluation committee recommended the purchase of wooden barrels, ignoring that recommendation and the relevant departments pointed out that the production of Jadi in plastic containers is not safe for health, the intended purpose of the project for producing a high quality Jadi was not fulfilled by providing food</p>	<p>Answers had not been submitted</p>	<p>Follow up should be done regarding the failure of projects to achieve the desired objective and action should be taken against those responsible.</p>

grade plastic containers only on the request of the beneficiaries. The amount of Rs.442,800 spent for the purchase of 108 plastic bins which were distributed among 36 beneficiaries had been useless.

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| <p>(iv) Among the projects implemented under the Prosperity Production Village Program of Valallavita Divisional Secretariat, although the total cost spent for the betel cultivation project was Rs.7,196,341, and out of that, an amount of Rs.3,643,669 was paid only for providing insect resistant nets to the beneficiary farmers for betel cultivation, Instead of insect resistance nets, the farmers were provided with nets used in houses and schools to demarcate boundaries which have no relevance to insect resistance in betel cultivation. According to the progress report obtained regarding the project as of the audit date of 2023, 45 beneficiaries had not obtained successful results in betel cultivation and accordingly, the total useless cost of the project which was Rs.80,858 per beneficiary was Rs.3,638,610.</p> | <p>Answers had not been submitted.</p> | <p>Follow up should be done regarding the failure of projects to achieve the desired objective and action should be taken against those responsible.</p> |
| <p>(v) Rs.3,424,311 had been spent for the construction of a cinnamon extraction center for the Mandagala cinnamon village that was other project implemented by the Divisional Secretariat of Wallavita under the Prosperity Production Village Program and according to the project proposal, although the production of 15 bottles of oil per month using cinnamon leaves and 12 bottles of oil per month using cinnamon peels was expected from this cinnamon extraction center, although more than a year had passed at the audit since the establishment of the center, it was revealed that its progress was only 04 bottles of oil using leaves and half a bottle of oil using peels. Thus, it was observed that the expected progress of the center was less than 01 percent and no adequate acceptable program had been introduced to achieve the future expected progress of the center.</p> | <p>Answers had not been submitted.</p> | <p>Follow up should be done regarding the failure of projects to achieve the desired objective and action should be taken against those responsible.</p> |

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| (vi) | An amount of Rs.1,367,250 had been spent on the incense stick production project which was implemented under the Prosperity Production Village Program of the Agalawatta Divisional Secretariat and as the expected progress of the project, the production of incense stick of 8kg medicine by the beneficiary per day had been targeted. Accordingly, although one beneficiary should produce 224,000 incense sticks per month, even the almost a year had passed, anyone had not able to achieve the production target according to the progress reports submitted on 30 September 2022. According to the inspection conducted by the audit on 09 February 2023 and progress reports submitted, 16 of the 30 beneficiaries i.e. 53 percent had stopped incense stick production. The related project had failed due to the fact that more than 50 percent of the beneficiaries had stopped production due to difficulty in procuring raw materials, illness, difficulty in finding markets and lack of proper coordination, direction and control and, the progress of the beneficiaries who were currently active had not been at satisfactory level as expected. | Answers had not been submitted. | Follow up should be done regarding the failure of projects to achieve the desired objective and action should be taken against those responsible. |
| (vii) | Although an estimate of Rs.4,094,875 had been made for other project of vegetable cultivation project for export implemented under the Prosperity Production Villages Program of the Agalawatta Divisional Secretariat, the cost incurred for the project was only Rs.1,655,100. It was to provide 03 rolls of insect resistant net worth Rs.64,800 and 02 vegetable packing baskets worth Rs.17,955 each for 20 beneficiaries. | Answers had not been submitted. | Follow up should be done regarding the failure of projects to achieve the desired objective and action should be taken against those responsible. |

All the 04 beneficiaries who were subjected to audit samples had not used the nets they had received properly to fulfill the relevant purpose and provided packing baskets had been kept safely at home without using. According to the project report, although an annual income of Rs.44,000,000 was expected, the income from sales for 20 beneficiaries in one season was only Rs.473,000 and although the expected product from the project was the production of long beans and cucumbers for export

on an area of 20 acres of land, at the inspection and as per the project progress report, although there was only one beneficiary who grown the cucumbers, the expected annual yield was 600,000kg of cucumbers.

Also, as expected from the project report, it has been planned to build 02 centers for 04 domains for processing the vegetables for export grown in this way and to establish two sales centers introduced by the agribusiness division of the Department of Agriculture, nevertheless none of these plans were implemented.

Also, in order to have sustainable production of the plantation, it had been expected to get the support of the District Director of Agriculture, Deputy Provincial Director of Agriculture and the Assistant Commissioner of Agrarian Services and to prepare the international market, it had been expected to get the support of Agribusiness Development Information Service of the Peradeniya Agriculture Department. However, during the implementation of the project, none of the above-expected expert support had been arranged and none of the goals expected from the project had been reached.

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| (viii) | Cash benefits of Rs.6,100,000 had been given to 61 beneficiaries for starting commercial ornamental fish farming projects under the Prosperity Production Village Program of Ingiriya Divisional Secretariat and according to the project report, although it was stated that 50 percent of the incentive cash was paid after preparing the land for making fish tanks under the first phase, and the remaining Rs.50,000 cash would be released in placing fish after the tanks were prepared under the second phase, according to the report on physical progress prepared by the Planning Division of the Divisional Secretariat, although 27 beneficiaries had prepared fish tanks, the tanks had not been made to the level that can be place the fish and to start the project and the fish had also not been placed. | Answers had not been submitted. | If the project has not reached the desired objective, follow-up should be done and action should be taken against those responsible. |
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However, Rs.1,350,000 had been paid as Rs.50,000 per each beneficiary without meeting the required requirements and Rs.200,000 had been paid as Rs.100,000 per each for two beneficiaries without meeting the minimum requirements mentioned in the project. During the sample inspection carried out by the audit in the respective Grama Niladhari domains, all 17 beneficiaries who received full cash benefit had abandoned the fish tank construction at various levels without completing the relevant project and the relevant responsible officers had not focused their attention on this. As a result, the expected results of the project were not achieved and the goals of the project could not be achieved.

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| (ix) | According to point number 01 (ii) of the Sustainability series of instructions - Prosperity Production Villages of Kalutara District Secretary, although the development officers of the domain should continuously monitor whether the equipment provided for the personal use of the beneficiaries is used for the relevant production industry and thereby improves the livelihood of the beneficiaries, written evidence of such regular monitoring was not observed in the audit. According to point number 08 of the 2021/01 Prosperity Production Village Program Guideline, as stated under project implementation, although the responsibility of sustainably running the project has been assigned to the economic development officer in charge of the domain, the relevant responsible officers did not pay attention to this. As a result, the desired results of the Prosperity projects were not achieved and the goals aimed for by them could not be achieved. | Answers had not been submitted. | That officers who responsible for the success of the projects should do the continuous monitoring and follow-up. |
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3.4 Projects did not use as intended

Audit Observation

Although Rs.7,552,300 was spent for the renovation of the Kitul Development Center building in Thiniawala Grama Niladhari Domain of Palindanuvvara Divisional Secretariat and a fence was erected around the building and, the access road

Comments of the Accounting Officer

Answers had not been submitted.

Recommendation

Action should be taken against those responsible for the buildings and equipment

will be completed by the end of 2021 using interlock stones under the provisions released by the State Ministry for the Promotion of Coconut, Kitul and Palm Cultivation and Related Industrial Goods Production and Export Diversification to the Kalutara District Secretariat in the year 2021, it was observed that the building was not used for any purpose until the audit date of 24 February 2023 and the responsibility or supervision of the building had not been assigned to any responsible party.

remaining idle until the date of audit.

3.5 Failure to reply Audit Queries

Audit Observation

As of 28 April 2023, 23 audit queries issued to the District Secretariat had not been answered.

Comments of the Accounting Officer

That there are delays in getting clarifications from the regional offices and relevant departments and once the relevant clarifications are received, they will be answered promptly.

Recommendation

That audit inquiries should be answered in a timely manner and relevant corrections should be made.

3.6 Management weaknesses

The following observations are made.

Audit Observation

- (a) Although the Bulathsinghala Divisional Secretariat had paid Rs.54,250,000 under the maximum limit of Rs.1,600,000 to the house and land sellers for 39 people out of the 80 households that were selected to provide benefits under the concept of "a house to house" purchase of land with a new house for families in Bulathsinghala divisional secretariat that are faced to fully damage by natural disasters and identified as high risk by the National Building Research Organization in Kalutara district by 01 January 2023, it had not been confirmed that the ownership of the land and house was taken over or had been taken over in the name of the selected beneficiaries who paid such cash. Also, 05 beneficiaries who had been given Rs.400,000 each for the purchase of land under the above project had

Comments of the Accounting Officer

Answers had not been submitted.

Recommendation

Confirmation that the money released to the beneficiaries has been used for the relevant work should be obtained immediately and legal action should be taken against the beneficiaries who have not done so.

not started building houses by the date of audit on 31 March 2023 and 04 beneficiaries who had been given land to build houses on government land had not started building houses until the date of audit.

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| (b) | 02 beneficiaries have received the land provided by the government and the initial installments of Rs.200000 each through the system of Rs.1,200,000 to build a house on a land provided by the government for the families identified in the Ingiriya Divisional Secretariat under the concept of "a house to house", the beneficiary had not completed the construction work by 20 March 2023 and 03 beneficiaries who received installment money under that system had not completed the house construction work completely. Although the second installment amount was also released, one beneficiary who had not completed the construction work to the prescribed level had been also released Rs.100,000 from the third installment and the beneficiary had not completed the construction work by 20 March 2023. One beneficiary who received the third installment on 31 December 2019 under the provision of Rs.400,000 for the land purchased by the beneficiary and Rs.1,200,000 for the construction of a house on that land had not completed the construction of the house by 20 March 2023 and the supervision in this regard was at a weak level. | Answers had not been submitted. | Adequate follow-up should be done to ensure that the money released to the beneficiaries is used for the relevant work and actions should be taken regarding the officers who paid the 03 rd installment to the beneficiaries who did not complete the second installment construction without doing the follow-up. That amount should be recovered. |
| (c) | 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 firearm licenses within the prescribed period to prevent the prejudicial use of firearms because firearms in the hands of unqualified persons can pose serious threats to wildlife and civilian life, there was no evidence that the officers confirmed the need for firearms to the relevant parties during the renewal of firearm licenses and it was observed that adequate legal measures have not been taken for firearms whose licenses have not been renewed while maintaining proper coordination between those institution in the sample inspection conducted at the Panadura and Horana Divisional Secretariats. | Answers had not been submitted. | Adequate legal action should be taken against firearms whose licenses have not been renewed by maintaining proper coordination between agencies. |

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| (d) | <p>In the sample audits conducted in 04 Divisional Secretariat Offices regarding the payment of pensions in the reviewed year, Rs.15,104,023 had been paid as pension on 53 temporary files in 03 Divisional Secretariat Offices in the year 2022. Accordingly, when the missing files were misplaced, which officer was in charge and the reason for their misplacement was not disclosed and the information related to the pension files of the maintained pension payment department, files that change due to death or other reasons, files that are new additions etc. had not been included in the register relating to the pension and no handover to the pension officers and, formal handing over and acceptance of the files in the custody of the officers in cases of retirement or transfer of the officers had never taken place. As a result, it is observed that, the maintenance of pension files and documents had not been handled with sufficient professional due care due to the fact that no proper system has been installed to confirm who the responsible officers related to the misplacement of files, lack of filing of sufficient documents.</p> | <p>Temporary pension files were prepared for the missing pension files and forwarded to the Pension Department for approval and that when the officers are transferred, they will be formally registered and handed over the files in their custody.</p> | <p>Adequate professional due care should be exercised in the maintenance of pension files and records. Permanent documents relating to Rs.15,104,023 paid on temporary files should be re-created and the file should be re-arranged.</p> |
| (e) | <p>The overpaid pension amount as on 31 December 2022 was Rs.5,327,820 in 47 pension files of 03 Divisional Secretariat offices of Kalutara District due to calculation errors and other matters and the said amount was being charged in installments. Among them, it was also observed that Rs.330,835 remained uncollected due to the death of 05 pensioners of 02 Divisional Secretariats.</p> | <p>That the action will be taken to report the damages to the loss register along with the F.R.104 report in future regarding the overpayment of pensions which cannot be recovered from the deceased pensioners.</p> | <p>The overpaid pension should be recovered immediately and action should be taken against those responsible for the overpayment.</p> |
| (f) | <p>As per paragraph 2.1 of Finance Circular No.PFD/PMD/Cir/2021/01 dated 29 September 2021 of the Treasury Secretary, construction work contracts can be assigned to community-based organizations after examination and verification of the qualifications mentioned under No. 2.3 of the said circular by a three-member committee consisting of two representatives nominated by the Divisional Secretary and, as per Circular No. 06 of the Director</p> | <p>It has been confirmed by the development officers of the respective Grama Niladhari domain that these community societies are active community organizations and that</p> | <p>Information about community-based organizations should be updated periodically as per the circular.</p> |

General of the Ministry of Public Security dated 29 November 2022, although the documents mentioned in the circular should be obtained annually from the voluntary social service organizations/NGOs registered by the District and Divisional Secretariats and the original file of the organization should be updated, the Panadura Divisional Secretariat did not update the information and Rs.3,721,039 for the work done with 05 voluntary societies for 06 contracts in the year 2022 had been paid without confirming whether the respective society was active or inactive at the time of contracting.

the social service officer has reported in writing about the officers of the society and obtained a copy of the bank account statement maintained in the name of the society for the implementation of projects.

4. Achievement of Sustainable Development Goals

Audit Observation

Although the Kalutara District Secretariat has identified development activities under 17 objectives of the 2030 Sustainable Development Agenda, according to the information submitted to the audit, in the reviewed year, although it was stated that distribution of dry food bags and rice and milk powder under Indian subsidies has been done under sustainable development objectives No.01 and No.02 respectively, that is, ending all forms of poverty in all places and winning good nutritional conditions and promoting sustainable agriculture, the program was a national program implemented throughout Sri Lanka due to the Covid pandemic and the economic crisis. Among the 17 objectives contained in the sustainable development plan, no evidence was presented to the audit that development activities were carried out in the year 2022 to achieve objectives other than the above-mentioned activities for objectives No.01, 02 and 06.

Comments of the Accounting Officer

Many of the projects were not implemented since it has been informed to stop all the projects according to the Circular No.BD/CBP/01/01/04-2022 dated 26 April 2022 issued by the Ministry of Finance and therefore could not achieve sustainable goals.

Recommendation

Efforts should be made to achieve the objectives of the sustainable development agenda.

5. Rendering of Services to the Public

Audit Observation

Sufficient information acceptable to the audit regarding the submission of targeted services and targets to identify the performance indicators for the most demanded services in the public institutions and to measure their performance to the Ministry was not submitted within the specified period of time so that the evaluation could be carried out, and it was not confirmed whether the approval of the Ministry was received for those targets. The audit observed that the follow-up procedure related to identifying, setting and achieving the performance indicators for the year 2022 in the district secretariat and reporting, measuring, evaluating and disseminating their progress had not been accomplished at the expected level due to the facts that the quarterly progress presented by the Divisional Secretariat offices and the progress presented at the end of the year are different from each other, it has not been specified to the Divisional Secretariat offices that they should be presented numerically when presenting the goal of a service and the actual indicators have not been identified.

Comments of the Accounting Officer

The goals of all the divisional secretariats belonging to the Kalutara district were obtained and the progress was recorded at the end of each quarter for the four quarters of the year 2022, and accordingly the progress of the goals of the year 2022 has been reported.

Recommendation

That the correct performance indicators that can serve the public better should be identified and that sufficient information regarding the approved goals and progress should be presented in a timely manner so that evaluations can be made.

6. Human Resource Management

The following observations are made.

Audit Observation

- (a) As per Annexure 02 form of Public Administration Circular No.02/2018 dated 24 January 2018, the Human Resource Plan prepared for the District Secretariat for the year 2022 was not submitted for audit.

Comments of the Accounting Officer

That although a training plan has been prepared for the year 2022, it has not been prepared as per circular 2/2018 and that the human resource development plan for the year 2023 has been prepared as per circular 2/2018.

Recommendation

Human Resource plan should be prepared as per the circular and submitted for audit.

- (b) According to 2.2.2 of the annual transfer policy for officers of the combined services, although it is stated that officers who have completed more than 05 years in the same service station are subject to transfers, it was observed that 256 officers whose service period exceeded 05 years are working in the district secretariat and five regional secretariats during the sampled audit conducted on 31 December 2022.
- That the complete information regarding all the officers of the combined services who have been working in the same place for more than 05 years will be forwarded to the Director General of combined services annually and that the steps will be taken whenever possible to transfer the officers with the maximum service by the Departmental Annual Transfer Boards.
- That the annual transfers should be made as per transfer policy.