

Head 271 – Trincomalee District Secretariat

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the District Secretariat of Trincomalee –Head 271 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 including my comments and observations on these financial statements presented to the Accounting Officer of the District Secretariat of Trincomalee in terms of Section 11(1) of the National Audit Act, No.19 of 2018 on 31 May 2023. The Annual Detailed Management Audit Report of the District Secretariat was issued to the Accounting Officer on 30 May 2023 in terms of Section 11(2) of the National Audit Act. This report of the Auditor General in pursuance of provisions in Article 154(6) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 10 of the National Audit Act, No.19 of 2018 is presenting to Parliament.

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 of Trincomalee 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 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 skepticism throughout the audit. I also:

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

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

1.5 Report on Other Legal Requirements

I express the following matters in terms of Section 6 (1) (d) and Section 38 of the National Audit Act, No. 19 of 2018.

- (a) The financial statements are consistent with the preceding year.
- (b) The following recommendations made by me on the financial statements of the preceding year had not been implemented

Reference to paragraphs of the previous year Report -----	Recommendation that was not implemented -----	Paragraph reference in this report -----
1.4.1.2 (a)	The Object Code of expenditure should be correctly identified and accounted for.	1.6.1 (a)(i)
1.4.1.3 (a)	The Object Code of expenditure should be correctly identified and accounted for.	1.6.1 (a)(ii)
1.4.1.3 (b)	The Object Code of expenditure should be correctly identified and accounted for.	1.6.1 (b)

1.6 Comments on the Financial Statements

1.6.1 Accounting Deficiencies

(a) Recurrent Expenditure

The following deficiencies were observed while accounting for recurrent expenses related to financial statements.

Audit Observation -----	Comment of the Accounting Officer -----	Recommendation -----
(i) An amount of Rs.10,245,429 paid by the District Secretariat for the security service and Rs.353,091 paid by the District Secretariat for the cleaning service are not accounted for under other service expenditure Object Code 271-1-2-0-1409 it was accounted under other allowances Object Code 271-1-1-0-1003 and under maintenance of buildings and structures Object Code 271-1-1-0-1303	In estimating the cleaning expenses of the District Secretariat, it is included under the Object Code 271-1-1-0-1303 and the allocation has also been received to the same Object Code. After the relevant expenses are incurred, the expenses are accounted for in the same Object Code. Kindly	The Object Code of expenditure should be correctly identified and accounted for.

respectively. It was observed during the audit that this was accounted for in order to prevent the risk of overspending in other allowances of the District Secretariat.

inform that if it is not suitable as shown in the audit, it will be rectified while preparing the next year's estimates.

(ii) According to the financial statements, for the repair of vehicles not owned by the District Secretariat, the District Secretariat and the Verugal Divisional Secretariat spent an amount of Rs.1,033,412 had been accounted for under vehicle maintenance expenditure Object Codes 271-1-1-0-1301 and 271-1-2-0-1301 respectively. As a result, vehicle maintenance costs were overstated by that amount.

Due to the tight budget environment during 2022, this office was also instructed to reduce certain expenses. But due to the necessity of carrying out repairs, repair expenses were incurred under maintenance expenses.

The Object Code of expenditure should be correctly identified and accounted for.

(iii) The expenditure of Rs.1,168,488,299 spent by other Ministries/Departments to Trincomalee District Secretariat was not included in the cash flow statement. Therefore, the net operating cash flow during the year under review had been overestimated by that amount.

An expenditure amount of Rs.1,168,488,229 was not included in the cash flow statement by the officer who was new to the subject.

The senior officers in charge of the subject shall be responsible for the final accounts.

(b) Capital Expenditure

The following deficiencies were observed while accounting for capital expenses related to financial statements.

Audit Observation	Comment of the Accounting Officer	Recommendation
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The amount of Rs.300,000 paid by the Town and Gravet Divisional Secretariat for the installation of a CCTV camera system and the amount of Rs.1,000,000 paid by the Kuchchaveli Divisional Secretariat for the construction of a new sanitation building had been accounted under object number 271-1-1-0-2001 related to rehabilitation and improvement of capital assets	Expenses related to installation of CCTV camera system were incorrectly accounted for in accounting. This was brought to the attention of the relevant officials of the District Secretariat and Town and Gravet Divisional Secretariat and the expenditure related to the construction of the sanitation building in the Kuchchaveli Divisional Secretariat was wrongly	The Object Code of expenditure should be correctly identified and accounted for.

without accounting under object number 271-1-2-0-2103 of acquisition of capital assets of machines and machinery and the object number 271-1-2-0-2104 of acquisition of capital assets in buildings and constructions respectively. As a result, capital asset rehabilitation and improvement expenditure was overstated by that amount. And those assets were not taken under non-financial assets either.

accounted for. I would like to inform you that such problems will not occur in the future.

(c) Incurring of Liabilities and Commitments

Audit Observation	Comment of the Accounting Officer	Recommendation
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(i) According to the inspection carried out in the Seruwila Divisional Secretariat in the year 2022 on the liabilities in relation to the expenses which the service was provided but not paid, the expenses amount of Rs.1,488,305 which had been paid in the year 2023 were not shown under the statement of obligations and liabilities in the financial statements of the District Secretary's office in the year 2022.	As the relevant commitment was not reported to us at the time of preparation of the 2022 financial statement, it is kindly informed that it has not been recorded under the Statement of Commitments and Liabilities and it has now been corrected and updated.	Correct information should be presented in the financial statements.
(ii) As per Treasury Printout (SA 90), the opening balance of liability reserves was Rs.1,568,436,365 and the closing balance of liability reserves was Rs.3,930,408,809 due to the net liabilities during the year under review was amounting to Rs.2,361,972,444. However, the amount of net liabilities for the year under review was only stated as Rs.334,016 in the format SA 92 and was not fully shown in Annexure iii of the financial statement for the year 2022.	The Kinnia Divisional Secretariat had not updated the liability report in the new Cigas web interface and this difference has arisen because according to the liability report prepared manually by the officer, there are no liabilities shown under expenditure head 271.	Updated information up to the end of the year under review should be included in the final accounts.

(d) **Imprest Balance**

The following deficiencies were discovered while accounting for the Imprest Balance.

Audit Observation	Comment of the Accounting Officer	Recommendation
(i) As per the Imprest summary (SA 70) an amount of Rs.42,182,404 was shown as the closing balance, but the year-end Imprest settlement of 2022 was Rs.42,177,179. Accordingly, as per ACA 3 there was a difference of Rs.5,225.	Even though, as per the Imprest summary (SA 70) an amount of Rs.42,182,404 was shown as the closing balance, the year-end Imprest settlement of 2022 was Rs.42,177,179. Accordingly, as per ACA 3 there was a difference of Rs.5,225.	Information in financial statements should be presented accurately.
(ii) According to the treasury printouts, the Imprest receipts as per SA 21 was Rs.2,311,949,476, but as per the Statement of Imprest (ACA 3) the receipts was Rs. 2,324,514,983, a difference of Rs. 12,565,507 was observed between the two figures.	The correct difference here should be Rs.29,616,897. This difference is due to discrepancy between SA 21 (Rs.2,354,131,880.88) and ACA 3 of Rs.2,324,514,983.49.	Information in financial statements should be presented accurately.
(iii) According to the Imprest statement, Imprest received from other sources were recorded as Rs.413,035,983, but in the treasury printout it was recorded as Rs.442,652,880, a difference of Rs.29,616,897 was observed under those items.	Actual Imprest received from other sources for the year 2022 is Rs.442,652,880 but the Imprest statement has been wrongly represented as Rs.413,035,983.49.	Information in financial statements should be presented accurately.

(e) **Non-maintenance of Registers and books**

It was observed during the sample audits that the Trincomalee District Secretariat and the Divisional Secretariats did not maintain certain documents as follows, and some documents were not regularly and updated.

Audit Observation	Comment of the Accounting Officer	Recommendation
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<p>(i) Type of Document ----- Inventory Register ----- Seruwila, Kantale and Morawewa Divisional Secretariats</p>	<p>Related Regulation ----- Financial Regulation 763</p>	<p>Observation ----- Not updated.</p>
	<p>There has been some delay in updating when the subject has been transferred to a new officer. It is advised to do it correctly.</p>	<p>The officers should be absorbed into the subject after proper training again.</p>
<p>(ii) Type of Document ----- Register of Guarantee ----- District Secretariat and 11 Divisional Secretariats</p>	<p>Related Regulation ----- Financial Regulation 891 (1)</p>	<p>Observation ----- Not Maintained.</p>
	<p>Kindly informed that there has been a delay in updating the guarantee register and advised to proceed in future.</p>	<p>Action should be taken as per Financial Regulations 891(1).</p>

2. Financial Review

2.1 Expenditure Management

Following audit observations were revealed regarding preparation of annual budget estimates, transfer of allocations, receipts of allocations through supplementary budget estimates and utilization and savings.

Audit Observation	Comment of the Accounting Officer	Recommendation
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<p>The District Secretariat had transferred a sum of Rs.9,250,000 under Financial Regulation 66/69 Transfers from the allocation of Rs. 44,600,000 allocated for 7 recurrent expenditure Objects. Even after</p>	<p>Provisions were saved due to the crisis situation in the country, the closure of offices, reduction of administrative activities and suspension of</p>	<p>Provisions should be properly planned.</p>

that, as the provision of Rs.7,883,036 also many projects. saved, it was observed an over provision of Rs.17,133,036 was estimated.

2.2 Utilization of Provisions made available by other Ministries and Departments

Following observations are made in this connection.

Audit Observation -----	Comment of the Accounting Officer -----	Recommendation -----
Goat Farming Project - 2022 -----		
(i) Under the project implemented by the Rural Economic Crops Cultivation and Promotion Division of the Ministry of Agriculture to uplift the livelihood of people living in backward rural areas, the project did not achieve the objectives of animal motivation and improving the livelihood of low income earners, due to the fact that 35 goats over 2 years old, 71 goats under 1 ½ years old, 12 goats exceeding the recommended weight and 49 goats weighing less than the minimum weight have been purchased contrary to the recommendations of the technical evaluation committee for the purchase of goats.	12 goats over 1 year old and 16 goats weighing 2.5 to 3.00 kg have also been purchased. No older animals were purchased. These goats have been acquired due to the fact that the beneficiaries get extra profit due to being pregnant and on the recommendation of the Director of Animal Production and Health Department, Eastern Province.	Procurement should be done as per the District Secretariat Technical Committee Report dated 26 August 2022.
(ii) Although it has been mentioned in the letter No. GAT/PLA/GRP/DO.09/2022 dated 12 November 2022 of the Planning Director of the District Secretariat that no money is required from the beneficiaries in relation to this project, Rs.417,845 had been collected from the beneficiaries in relation to 104 beneficiaries of Gomarankadawala, Morawewa and Seruvila Divisional Secretariat.	It has been implemented in this way because of the continued difficulty in procuring the required animals according to the recommended criteria, and even if additional costs were to be incurred for some animals that were available, the beneficiaries agreed in writing to pay those costs and requested to expedite the completion of the project.	Action should be taken as per the letter No. GAT/PLA/GRP/DO.09/2022.

2.3 Certification of Chief Accounting Officer/Accounting Officer

Audit Observation -----	Comment of the Accounting Officer -----	Recommendation -----
As per the provisions of Section 38 of the National Audit Act No. 19 of 2018, the Chief Accounting Officer and the Accounting Officer should 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. Such reviews should be carried out in writing, and a copy thereof should be presented to the Auditor General, but no statements had been furnished to the Audit that the reviews had been carried out.	An internal control system has been prepared and maintained for the financial control of the District Secretariat and although reviews have been conducted there, due to a delay, the relevant details have been missed to be submitted for audit. Immediate action will be taken.	Action should be taken as per the provisions of Section 38 of the National Audit Act No. 19 of 2018.

2.4 non-compliance with Laws, Rules and Regulations

Instances of non-compliance with the provisions of laws, rules and regulations observed during sample audits are shown below.

Reference to Laws, Rules and Regulations -----	Observation -----	Value -----	Non-compliance -----	Comments of the Accounting Officer -----	Recommendation -----
		Rs.			
(i) Section 2 (iv) of Public Administration Circular No. 09/2009 dated 16 April 2009	1,370,455	Although it is essential to verify the payment of overtime and holidays by fingerprint machines, the officials of the District Secretariat, Morawewa Divisional Secretariat and Tambalagamuwa Divisional	Due to the failure of the fingerprint machines in the district secretariat and divisional secretariat, the attendance register has been certified by a relevant staff officer and overtime allowances and	Action should be taken as per the Section 2 (iv) of Public Administration Circular No. 09/2009.	

Secretariat did not do so and holiday payments have received overtime and holiday been paid. payments during the year under review.

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|------|--------------------------------|-----------|--------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------|
| (ii) | Financial Regulation 371(2)(b) | 6,000,000 | On 13 September 2022, the Divisional Secretariat of Town and Gravet has paid to the District Secretariat as an Ad-hoc sub imprest for paddy purchases. | After a discussion in the Management Committee of the District Secretariat, an advance has been taken in agreement with the Treasury. The relevant amount has been fully settled by now | Action should be taken as per the Financial Regulation 371(2)(b). |
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3. Operational Review

3.1 Planning

Following observations are made.

Audit Observation	Comment of the Accounting Officer	Recommendation
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(a) According to the Accounting Circular No. 02/2018 dated 29 January 2018 of the Ministry of Home Affairs', the Divisional Secretariat should prioritize the services provided to the public and determine the optimal targets in relation to 5 main services and submit a report on those targets to the District Secretariat. Although the District Secretariat should submit a report summarizing the optimal goals of all the Divisional Secretariats in accordance with paragraphs 2.5 and 2.6 of the said circular to the Ministry of Home Affairs with copies to the Auditor General before January 15 of each year, the Divisional Secretariat and District Secretariat had not submitted the reports related to the year 2022.	Although the Divisional Secretariats have determined the optimal targets for the services provided to the public and have forwarded the reports on the fulfillment of those targets to the District Secretariat, I would like to inform you that a report summarizing the goals of all the Divisional Secretariats has not been submitted to the Ministry of Home Affairs with copies to the Auditor General and that steps will be taken to forward it as soon as possible.	Action should be taken as per Section 2.5 and 2.6 of the Accounting Circular No. 02/2018 dated 29 January 2018 of the Ministry of Home Affairs.

- (b) Contrary to the Section 3.1 of the circular No. MF/NPD/02/2021 of the Secretary to the Finance Ministry dated 15 December 2021, it was observed that development proposals sent to the District Secretariat with the signature of the Divisional Secretary had been approved after the date on which the contracts for the implementation of the projects had been signed by the Divisional Secretariat.
- Prior approval of the District Secretary was given for these projects in District Development Committee meetings. It is observed that there is a contradiction between the dates of certain documents sent to the district secretary and the dates of the agreements for the implementation of the projects.
- All the projects implemented in the district should be implemented after getting the approval of the district secretary.

3.2 Non- performance of Functions

Following observations are made.

Audit Observation

As per the Section 2 of letter No. PTF/01/1BP/2022/RDP of the Additional Secretary to the Prime Minister on the Presidential Task Force for Economic Revitalization and Poverty Alleviation dated 09 December 2021, although there will be a high demand for project inputs in the fields of agriculture, livestock, fisheries and plantations in the next year, the ability to supply them should be ascertained from the relevant Institutions/Ministries and the number of projects and the capacity of the project should be determined, projects with a total value of Rs.7,110,000 were not implemented for 75 beneficiaries in relation to animal husbandry in the Rs.3 million program implemented by the Seruwila Divisional Secretariat under the Livelihood Development Project

Comment of the Accounting Officer

I would like to kindly inform you that although prices were called from the District Secretariat to provide animals to the beneficiaries selected for the animal husbandry projects according to the relevant project, the animals could not be provided due to non-receipt of prices.

Recommendation

Action should be taken based on the circulars related to the project.

3.3 Non-achievement of expected Output Level

Following observations are made.

Audit Observation	Comment of the Accounting Officer	Recommendation
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<p>(a) During the field inspection conducted on 06 October 2022 regarding the renovation of the roof of Somapura Primary School in the "Gama Samaga Pilisandarak" program under the Seruwila Divisional Secretariat, 6 feet of asbestos that was used for the top of the roof had come off in 2 places, so temporary top tiles were used for it. Although the roof had fallen off before a month had passed since the roof was renovated, by the date of the audit, it had been 7 months since the building had been completed and handed over, but the defects had not been rectified. As a result, the primary building, where about 75 students in the primary section are studying, was in an unsafe condition as it got wet during the rains and the roof tiles could fall into the classrooms.</p>	<p>The principal did not report to the Seruvila District Secretariat that asbestos sheets were missing from the top of the related building, and after checking this, he was instructed to correct it before paying the fees.</p>	<p>Efforts should be made to achieve the desired level of completion of the projects.</p>
<p>(b) According to section 4.4 of the letter No. PH/NECA/2019-1 dated January 12, 2019 of the Secretary of the Ministry of Vocational Training and Skill Development and Youth Affairs under the program to prepare permanent houses for the people displaced by war, the Kuchchaveli Divisional Secretariat had released 4.98 million rupees to the bank accounts of five beneficiaries for the construction of 05 houses. Although more than 3 years have passed since the provision was made for the construction of houses, the houses of the beneficiaries were not fully constructed and remained unfit for occupancy.</p>	<p>The final payment related to the project has been credited to Samurdhi Bank account of the beneficiaries in December 2021. After confirming the completion of each work of the beneficiaries, the next payments are deposited from Samurdhi Bank. Payments are released through payment vouchers on completion of work. Due to the delay in the completion of the work of the beneficiaries, the money for the final payment has been kept in the banks.</p>	<p>The beneficiaries should be encouraged to complete the project promptly and the relevant funds should be released promptly.</p>

3.4 Non-achievement of expected Outcome

Following observation is made.

Audit Observation	Comment of the Accounting Officer	Recommendation
----- A total allocation of Rs.1.6 million was allocated under project proposals of Rs.3 million and Rs.4 million for the construction of Kuddus Adipar road and its drainage system in Munaichchenai Grama Niladhari area in Kinnia Divisional Secretariat Division and a sum of Rs.1,386,000 were paid to the contractors on 30 March 2022 and the project was completed. But during the audit field inspection, it was found that water has collected in this drain system and due to the lack of sanding behind the drains, pits have been formed and finished irregularly.	----- This project was completed during the rainy season. Then the relevant fillings were done and the water collecting was avoided. Due to the presence of private land at the end of the drain, even if any problem arises, it is advised to rectify the defects before making the final payments.	----- The allocations of the projects should be utilized optimally.

3.5 Projects abandoned without completing

Following observations are made.

Audit Observation	Comment of the Accounting Officer	Recommendation
----- Although all rural road development programs should be completed before 15 December 2021, as per the letter No. SMRR/PL/01/CIR/AM dated 18 October 2021 of the Secretary to the Ministry of Highways and the letter of the Director of Planning, Ministry of Additional Infrastructure dated 22 November 2021 under the Rural Roads and Infrastructure Scheme - 2021, the Kinniya Divisional Secretariat had allocated a total of Rs.26 million for 17 road construction projects under the relevant project and only Rs.3.57	----- According to the letter of the Planning Director of the Infrastructure Cabinet Ministry, all rural road development programs should be completed before 15 December 2021, but according to the imprest receipts, an amount of Rs.3.57 million has been paid to the contractors. Due to the delay in the imprests, the completion of the projects could not be done before 15 December 2021, but the projects were completed	----- Projects should be properly planned and executed.

million had been paid to the later. Due to non-receipts of contractors. Due to this, all these 17 imprests, payment processing projects were seen as abandoned at the has not been completed. end of the year under review.

3.6 Procurements

Following observations are made.

Audit Observation	Comment of the Accounting Officer	Recommendation
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(a) In 8 procurement instances conducted by the Seruwila Divisional Secretariat in 2022, due to purchases made beyond the validity period of the price offered by the suppliers, a sum of Rs.799,870 was paid to the respective suppliers in excess of the prices mentioned in the first agreement.	The relevant procurement activities were done by the District Secretariat and at the time of purchasing the items, the prices of the goods in the market had risen rapidly. Due to this reason, the beneficiaries have not been able to start their projects.	Government procurement guidelines should be followed.
(b) Section 7.12.1 of the Procurement Guidelines of the Democratic Socialist Republic of Sri Lanka states that when it is clear that there is no effective competition, all bids received may be rejected and the non-competitiveness should not be determined solely on the basis of the number of bids. During the procurement by the Kantale Divisional Secretariat in the year 2022, there were 10 cases where only one institution had submitted the price, and from the same institution that submitted the price had made purchases and the total value was Rs.1,098,968. Further, clause 7.12.2(a) of the Procurement Guidelines provides that even if only one bid is received after wide publicity, the bidding process may be	Due to the economic recession in the year 2022, due to the rise in the dollar-to-rupee rate and import restrictions, when the prices for goods or services were called during the procurement activities, only one or two organizations submitted the prices and during procurement in the year 2022, purchases had to be made on several occasions only from a few organizations due to declarations of non-stock or unavailability of goods when orders were placed with selected suppliers. I would like to kindly inform you that the purchases were	Government procurement guidelines should be followed.

considered valid if the bid price quoted is reasonable when compared to market values, but the information that the bidder was decided after comparing the market values was not found in the relevant files. not optimal according to the prevailing circumstances and such a situation arose due to external factors beyond our control.

3.7 Assets Management

Following observations are made.

Audit Observation	Comment of the Accounting Officer	Recommendation
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(a) Although according to Financial Regulation 342 (1) it is stated that the departments receiving the counter foils are responsible for keeping the books in safe custody and making proper use of them, in the Kantale Divisional Secretariat, a counter foil of AB 70-Sri Lanka Government Holiday Railway warrants and 2 counter foils of Animal Transport-Schedule 1 were missing.	AB 70 Sri Lanka Government Holiday railway warrant book has been reported missing but this book is still being used. On the date of the audit query, this book had not been signed and accepted by the officer in charge, but it was being used and at present, I have corrected the relevant document with the signature of that officer as having been accepted. The officer in charge at that time has made a note on the same page that 02 animal transport schedule No. 01 counter foils have been returned. The officer in charge of the warehouse was informed to take responsibility to prevent such defects from happening in the future.	Action should be taken according to the Financial Regulation 342 (1).
(b) According to the Circular No.03/2018 dated 10 October 2018 of the Secretary to the Ministry of Finance on Management of Non-Financial Assets of the Government - Resolution of Registration Rights Issues of Government Owned Vehicles, although the registration rights of vehicles should be settled in respect of vehicles not owned by them, there were cases where the	In cases where the original copies of the vehicles are available, transfer proceedings can be carried out. If not, the current company that owns the vehicle should be asked to confirm that the original registration copy is in their possession. Thus, in case of problems with the original copies, arrangements have been made to obtain all 39 duplicates. Also, so far the ownership of 02	Action should be taken according to the Circular No.03/2018 dated 10 October 2018 of the Secretary to the Ministry of Finance

registration rights of **56** vehicles owned by the District Secretariat and 11 Divisional Secretariats were not settled in this way.

vehicles, 15 tractors and 15 trailers has been regularized, while the ownership of the rest of the vehicles was handed over for regularization but has not been received so far.

(c) According to the Section 3 of Circular No.03/2018 dated 10 October 2018 of the Secretary to the Ministry of Finance, in cases where there are issues regarding the legal ownership of vehicles to be disposed of as condemn vehicles or scrap vehicles, the relevant agency should obtain the registration rights by following the process mentioned therein before disposing of such vehicles and at the same time, it is stated that the process of canceling the registration of the vehicle should also be done, since the District Secretariat and Divisional Secretariats have not done this work, **21** motorcycles identified to be disposed by the District Secretariat and **06** motorcycles identified to be disposed by the Muthur Divisional Secretariat were not disposed of.

I am kindly informed that as soon as the work is completed according to the transfer method, the said motorcycles will be disposed of.

Action should be taken according to the Circular No.03/2018 dated 10 October 2018 of the Secretary to the Ministry of Finance

3.8 Losses and Damages

Following observations are made.

Audit Observation -----	Comment of the Accounting Officer -----	Recommendation -----
Although Financial Regulation 110(2) requires the Accounting Officer to prepare a separate statement of losses in respect of each program under a head of expenditure in each financial	Details regarding the write-off of motor vehicle accident losses are given on page 53 of the 2022 financial statement. Also, I would like to inform you that	Action should be taken as per the financial regulation 110(2).

year, in the financial statements related to the District Secretariat, no information was presented about the losses incurred in connection with the vehicle accidents, the total value of which was Rs.4,910,566.

details of incomplete loss and damage reports regarding vehicle accidents have not been included.

3.9 Management Weaknesses

Following observations are made.

Audit Observation	Comment of the Accounting Officer	Recommendation
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(a) Although the poverty-stricken population in the area of the Divisional Secretariats under the District Secretariat is 31,698 for the year under review, but according to the Samurdhi subsidy report, the number of Samurdhi beneficiaries who received Samurdhi was 59,023 which was problematic during the audit. Therefore, it was observed that Rs.1,049.7 million had been paid for 27,325 persons who were not entitled to Samurdhi benefits in the year under review.	Due to non-availability of correct income information or omissions by officials, non-entitled persons may also become beneficiaries. The District Development Director and Divisional Secretaries have been informed to pay attention in this regard.	Expenditure reports should be submitted correctly.
(b) According to the financial statements, total overdue loans of Palaithopur, Muthur West, Tambalagamuwa, Kantale City and Bhatiagama Samurdhi Banks at the end of the year under review were Rs.214.79 million.	51% of the total amount has been recovered so far. I am kindly inform that we will discuss with the District Development Director and take the necessary steps regarding the recovery of the remaining 49%.	Arrangements should be made to recover the relevant loan amount promptly.

- (c) There was a total debit balance in the suspense accounts was Rs.177.61 million in 3 Samurdhi Banks belonging to the Kinniya Divisional Secretariat. The factors that contributed to this balance have not been identified and adjusted until now. Instructions have been given to identify the facts related to the existing debit balances of Rs.177.61 million in the suspense accounts of 3 Samurdhi Banks belonging to the Kinniya Divisional Secretariat and to make prompt adjustments. Appropriate adjustments should be made promptly.
- (d) 254 beneficiaries with Samurdhi savings in Tambalagamuwa, Bhatigama and Kantale City have been given monthly Samurdhi subsidies despite the total amount of Rs.14.33 million belonging to them as more than Rs.30,000 each as savings in Samurdhi Bank for a very long time. Savings accounts of Samurdhi beneficiaries are credited with monthly Samurdhi subsidy money as well as social security benefit money and after checking this, beneficiaries whose monthly subsidy money is more than Rs.30,000 in their accounts have been advised to suspend the monthly Samurdhi subsidy. The subsidy should be given only to those who need the benefit.
- (e) As per Para 5.4 of Samurdhi Development Department Circular No.DSD/Ho/05/MF/01/Circular dated 26 May 2022, after the special assistance money is credited to the saving accounts of each individual, there should be no balance in the account of the funds obtained. Although if there is a balance, the people to whom the money should be found and credited to their accounts, Samurdhi Banks under the Divisional Secretariats of Kinniya and Kantale had maintained the sum of Rs.14.09 million by the end of the year under review in the amount of subsidy money given under the World Bank assistance, Asian Development Bank assistance under category number 4062. Samurdhi Bank has given instructions to find out the people to whom the money should be given and promptly credit their accounts if there is a balance of the subsidy money given under the World Bank aid, Asian Development Bank aid under category number 4062. Action should be taken as per Para 5.4 of Samurdhi Development Department Circular No.DSD/Ho/05/MF/01.

- (f) According to the Circular No. DSD/HO/SW/14/19/01 Circular dated 02 March 2022 of the Director General of the Samurdhi Development Department on the implementation of Samurdhi Subsidies, it had been stated that taking action for increases in payments to Samurdhi beneficiaries from April 2022 should be suspended until further notice. Nevertheless, Samurdhi monthly allowances were newly given to the beneficiaries in Kinniya Divisional Secretariat and as a result of this, a total of Rs.661,000 Samurdhi monthly allowances were being given to 25 beneficiaries even after April 2022.
- When distribution of Samurdhi Monthly Allowances in Kinniya Divisional Secretariat, it had done without understanding of the Circular No. DSD/HO/SW/14/19/01/Circular dated 02 March 2022 of the Director General of the Samurdhi Development Department on the implementation of Samurdhi Subsidies. It has been instructed to suspend the benefits that were being given appropriately and to proceed according to the relevant circulars.
- Action should be taken according to the Circular No. DSD/HO/SW/14/19/01/Circular dated 02 March 2022 of the Director General of the Samurdhi Development Department
- (g) Three quarters owned by the Morawewa Divisional Secretariat were not formally handed over to the residents of the quarters and records and documents were not maintained in this regard.
- It has been instructed to follow the relevant procedures in relation to the government quarters and hand them over to the relevant officials and to file the files properly.
- The relevant documents should be maintained in a proper manner.

4. Achievement of Sustainable Development Goals

Following observations are made.

Audit Observation	Comment of the Accounting Officer	Recommendation
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Officials were not sufficiently aware of the Sustainable Development Goals and as the Sustainable Development Goals had not been identified, it was not possible to evaluate the achievement of the goals in the year under review.	The District Secretariat and the Regional Secretariat have advised to identify and work on the sustainable development priorities of the district while preparing future plans.	Sustainable development goals should be identified and implemented.

5. Human Resource Management

Following observations are made.

Audit Observation	Comment of the Accounting Officer	Recommendation
<p>(a) There were totaling of 132 vacancies as 13 vacancies for senior level officers, 29 vacancies for tertiary level officers, 47 vacancies for secondary level officers and 43 vacancies for primary level officers, at the end of the year under review. There were vacancies of 70 secondary level officers in 09 Divisional Secretariats, but 25 secondary level officers were excess in the District Secretariat and 03 Divisional Secretariats. These vacancies need to be balanced.</p>	<p>The Ministry has been informed to fill the vacancies in the District Secretariat and Divisional Secretariat.</p>	<p>Immediate attention should be given to fill the vacancies of essential posts and action should be taken to fill them.</p>
<p>(b) Due to the fact that no transfer policy has been implemented for officers whose service period exceeds 05 years in the district secretariat and divisional secretariats, injustice has been done to the officers who have been waiting for transfer for a long time in the divisional secretariats far away from the city.</p>	<p>An internal transfer policy was prepared and it was formally approved by the Public Service Commission and steps were taken to implement transfers, but the implementation was blocked due to the lack of approval of the Secretary to the Ministry for the transfer policy.</p>	<p>The Public Administration Circular No. 18/2001 dated 22 August 2001 should be followed.</p>