

Head 261 - District Secretariat - Galle

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of Head 261 - District Secretariat – Galle for the year ended 31 December 2023 comprising the statement of financial position as at 31 December 2023 and the statement of financial performance and cash flow statement for the year then ended and notes to the financial statements, including material accounting policy information 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 – Galle was issued to the Accounting Officer on 15 May 2024 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 15 May 2024 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 - Galle as at 31 December 2023, 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 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 which are in paragraph 1.6.1 (a) (i) in this report had not been implemented.

1.6 Comments on the Financial Statements

1.6.1 Accounting Deficiencies

(a) Property Plant and Equipment

Audit Observation	Comments of the Chief Accounting Officer/ Accounting Officer	Recommendation
(i) Although 05 to 24 years have passed since 39 schools in 08 Divisional Secretariats were closed, those schools were not properly taken over, the boundaries were not marked and the land and buildings belonging to the school were not assessed and had not been accounted under assets.	That the land has been used for productive purposes and that the taking over of assets is being processed.	Taking over of assets should be immediately completed.
(ii) Although the opening balance of motor vehicles and machinery in the year under review was Rs.596,258,867 according to the treasury books, according to the information obtained from the District Secretariat and Divisional Secretariat the opening balance was Rs.594,712,012. Therefore, a difference of Rs.1,546,855 was observed.	This difference is due to the adjustments made to the opening balance and the adding to the opening balance when presenting information about the opening balance.	The reasons for the difference should be identified and the balance should be corrected.

2. Financial Review

2.1 Expenditure Management

Audit Observation	Comments of the Chief Accounting Officer/ Accounting Officer	Recommendation
(a) The estimated provisions for the year 2023 for expenditure object No.1409 was Rs.80,000,000 an provision of Rs.1,200,000 also was allocated from the 318 supplementary budget. Accordingly, only Rs.67,167,588 out of the total net provision of Rs.81,200,000 had been spent on 31 December 2023 and since Rs.14,032,412 had been remained. Therefore, the total allocated provision reserved by the supplementary budget had been remained saved.	That, although supplementary provisions were reserved for the security services of the Galle District Auditorium under construction, these provisions have been completely remained due to the inability to provide security services.	Provision should be allocated from the supplementary budget by identifying the necessity properly.
(b) Despite the request for language allowance made by an officer in the year 2005 was rejected by the Deputy Director of the Ministry of Public Administration, Home Affairs, the district secretariats had paid Rs.133,605 language allowance to that officer by the time of audit in March 2024. This payment had been approved by the Additional District Secretary contrary to the provisions of Public Administrative Circular No.29/98 dated 30 December 1998 and without directing the matter to the Director Admin and obtaining necessary explanations.	It is kindly mention that this allowance has been paid to the officer after confirming from the university that English is a major subject of the degree course that the officer has studied as per the request made by the officer in the year 2012. After the audit observation, it has been again inquired from the Director Admin General regarding the payment of this language allowance and after receiving the instructions, It will be act accordingly and inform the audit.	As it is not correct to make the payment while the Deputy Director Admin of the Ministry of Public Administration rejected the relevant request in the year 2005, appropriate action should be taken in this regard.

2.2 Deposits

Audit Observation	Comments of the Chief Accounting Officer/ Accounting Officer	Recommendation
It had not been act according to the Financial Regulation 571 regarding the overdue deposits of Rs.211,731,887 on 31 December 2023 related to the district secretariat and the 22 divisional secretariats affiliated to it.	That the amount of Rs.10,000,000 in the general deposit account of the district secretariat is a donation for a special purpose and that the general deposit balances of the divisional secretariats have not been released due to various reasons.	Financial Regulation 571 should be followed.

3. Operational Review

3.1 Non- performance of Duties

Audit Observation	Comments of the Chief Accounting Officer/ Accounting Officer	Recommendation
According to the duties assigned to the development officers attached to the divisional secretariat offices by the Ministry of Foreign Employment, they should maintain a data system on the immigrant families of the area of authority and the workers who have worked in foreign countries and came, maintain family background records and social records for immigrant families, set up development plans for at-risk families, and continuously monitor and advise on the welfare of children of immigrant families. Nevertheless, the works have not been completed by the Waduramba Divisional Secretariat and adequate supervision had not been done.	That, these deficiencies are being rectified.	The duties assigned to the officers should be performed properly.

3.2 Non-achievement of expected Output Level

Audit Observation	Comments of the Chief Accounting Officer/ Accounting Officer	Recommendation
(a) The Karandeniya Divisional Secretariat had provided equipment for the promotion of value added cinnamon products to 323 selected beneficiaries and one Saubhagya Production Society spending Rs.9,943,748. The equipment worth Rs.1,360,000 given to Saubhagya Production Society was idle during the audit field visit conducted on 08 September 2023 and the equipment worth Rs.164,900 had been kept in packages without using. Although the 06 beneficiaries had been given cinnamon grinding machines worth Rs.597,000, the expected cinnamon products from the project had not been added to the market.	It has been informed that the equipment provided to Saubhagya Production Society is in working condition and those are kept in packages for the safety of the equipment if necessary. That the cinnamon grinding machines given to the 06 beneficiaries are making the production work without interruption and this project could not be directed towards rapid development as expected in the severe economic crisis in the country and more than 15 successful entrepreneurs have emerged from this project.	Appropriate action should be taken regarding unused equipment and idle equipment and should be used effectively by continuous follow-up on projects.
(b) The equipment worth Rs.5,070,995 which was given to 50 beneficiaries selected for the value added product project related to fisheries by the Hikkaduwa Divisional Secretariat had been idle. The equipment worth Rs.20,190 was in the packing without using and the objectives of the project had not been achieved.	That the attention will be given to the matters pointed out by the audit and that the action will be taken not to occur such situations again.	Attention should be given on a program that can effectively utilize the equipment.
(c) The Baddegama Divisional Secretariat had spent Rs.4,642,471 to 20 selected beneficiaries for the handloom manufacturing projects and equipment had been provided to 25 selected beneficiaries for the sweets and dairy project by spending Rs.368,416. According to the audit inspection on 16 November 2023, equipment worth of Rs.845,265 provided to 11 beneficiaries and Saubhagya handcraft building	That, it was not possible to carry out production and distribution activities due to the Covid pandemic situation and economic difficulties, and that actions will be taken to increase production and sales in the future.	Attention should be focus on efficient use of the distributed equipment by continuous follow ups of the implementation of the project.

remained idle due to non-use of production activities at the level expected by the project.

3.3 Non-achievement of expected Outcome

Audit Observation	Comments of the Chief Accounting Officer/ Accounting Officer	Recommendation
(a) Although Rs.39,630,093 was spent on goods and equipment distributed to 1,250 beneficiaries of the 10 divisional secretariats that were audited under the program to develop a fully equipped household residential economy centered on two lakh Samurdhi families in 2021, out of which, 726 beneficiaries were paid Samurdhi subsidy continuously in the year under review due to not receiving the expected benefits.	That the Samurdhi subsidies are further paid as the expected objectives have not been achieved due to non-achievement of the expected benefits from the projects.	The follow-up activities should be continued and the relevant beneficiaries should be directed to the projects and support them to solve the existing problems.
(b) Rs.3,790,838 had been spent for providing equipment and arranging sites for the promotion of stone carvings and granite related products to 39 beneficiaries by the Weliwitiya Divithura Divisional Secretariat. Site preparation equipment worth Rs.234,300 given to 07 beneficiaries and other equipment worth Rs.35,040 given to one beneficiary were not physically observed at the time of inspection of sample of 16 beneficiaries.	That the industry had been dimidiated due to the economic crisis and now the equipment is being used and that it will be act according to the agreement regarding the equipment that was not physically observed.	Action should be taken to select effective projects in the selection of development projects, and take appropriate action on beneficiaries responsible for equipment not physically observed.

3.4 Management Weaknesses

Audit Observation	Comments of the Chief Accounting Officer/ Accounting Officer	Recommendation
(a) An agreement had been reached at an estimated amount of Rs.600,000 for the project of constructing side drains removing electric posts which are in the middle of 4th by-road of Pinnaduwa Lane to the side of the road under the Sapiri Gamak People's Participation Rural Development Program-2020 in Ambalangoda Divisional Secretariat. 06 samples out of the 08 concrete solid samples made regarding the project did not have the required compressive strength and while the 03 concrete solid samples tested by Ruhunu University did not have the required compressive strength, Rs.383,375 out of the bill value of Rs.496,959 had been paid on 31 December 2020.	That the 50 percent retention money of the industry's concrete value has been retained and paid.	Making percentage payments should not be done in case of the concrete samples do not have the required compaction strength,.
(b) Rs.178,648 of holiday pay and Rs.127,140 of transport allowance had been paid for two officers without confirming that the working time was not less than 08 hours as per the section 10 of Chapter viii of the Establishment Code by the Gonapeenuwala District Secretariat in making payment of holiday pay in the year under review.	That the duty hours are confirmed according to the work done and running charts during the payment of holiday pay to the officers.	Holiday pay should be paid by confirming the attendance and working time according to the Establishment Code.
(c) Although the period from 01 year to 06 years had been passed since the files related to 36 tax payers were forwarded by the Hikkaduwa Divisional Secretariat to the Land Commissioner of Southern Provincial in order to take rent approval by the date of audit on 21 September 2023, the rent approval had	That the rent approval letters in respect of two tax payers have been received from the Land Commissioner General Department and a reminder letter has been sent to the Land Commissioner General Department in respect of the	Necessary actions should be taken to collect rent mount immediately.

not been received. Also, according to the Circular No.2021/06 dated 22 October 2021 of Land Commissioner General, the annual rent amount had not been calculated according to the prescribed percentages based on a gross assessment. remaining 34 payers.

- (d) Despite the monthly rent valuation of Rs.250,000 was given by the Department of Government Valuation while renting a new building for Rathgama Divisional Secretariat, by ignoring that, a monthly rent of Rs.325,000 was contracted for up to 4 years based on the rental value given by a committee appointed by the Divisional Secretary. In the same way, before notifying the contractor regarding the renting, the partition parts, files and cabinet received from the Provincial Council had been moved to the new building. It had been informed that an independent committee was appointed and the rent was reassessed and the relevant building was leased since the building cannot be given at the assessed value of government. Likewise, by mutual agreement with the lessee, the partitions removed from the old building were stored in the new building. As it was observed during the audit that this work had been done without disclosing the government assessment, formal action should be taken in this regard.
- (e) A government contribution of Rs.1,545,798 had been made on 23 beneficiaries for the project of creating One Entrepreneur to One village implemented by Ambalangoda Divisional Secretariat. Dehydrators worth Rs.348,000 given to 06 of the beneficiaries could not be used as a business activity due to limited dehydrating capacity, increased cost of electricity consumption and increased cost compared to competitive manufacturers. Although these machines were provided according to the necessity and capacity of the entrepreneurs, that the increase in the cost of electricity bill was affected and now the entrepreneurs are being encouraged through various activities. Problems of project beneficiaries should be identified and remedied.

4. Human Resource Management

Audit Observation

According to the information provided by the District Secretariat, there were 11 vacancies and 114 surpluses in various positions at the end of the year under review.

Comments of the Chief Accounting Officer/ Accounting Officer

That the Department of Management Services has been informed about vacancies and surpluses.

Actions should be taken to fill up the vacancies and approve the.