

Head – 270 Ampara District Secretariate

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Ampara District Secretariat for the year ended 31 December 2020 comprising the statement of financial position as at 31 December 2020 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 Ampara District Secretariat was issued to the Accounting Officer on 22 June 2021 in terms of Section 11 (1) of the National Audit Act No. 19 of 2018. The Annual Detailed Management Audit Report was issued to the Accounting Officer on 13 July 2021 in terms of Section 11(2) of the National Audit Act, No.19 of 2018. This report is presented to Parliament 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.

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 Ampara District Secretariat as at 31 December 2020, 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 are 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 judgement and maintain professional scepticism throughout the audit. I also:

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

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

1.5 Report on Other Legal Requirements

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

- (a) The financial statements are consistent with the preceding year

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

1.6 Comments on Financial Statements

1.6.1 Revenue received

| Audit Observation | Comments of the Accounting Officer | Recommendation |
|--|---|---|
| ----- | ----- | ----- |
| A sum of Rs.522,734 received from the sale of fixed assets during the year under review had been accounted for as Rs.218,830 under other Heads of Revenue (2006-0-2-0-20). | Officers of the relevant Divisional Secretariats have been instructed not to record in such erroneous Revenue Heads in 2020 but to keep them in the relevant Revenue Heads. | Prior to the preparation of the financial statements, steps should be taken to ensure that all income is recorded in the relevant Head. |

1.6.2 Recurrent Expenditure

| Audit Observation | Comments of the Accounting Officer | Recommendation |
|---|---|--|
| ----- | ----- | ----- |
| The amount of Rates and taxes payable to the Ampara Urban Council of Rs. 245,914, had not been shown in the Note (iii) of statement of commitments and liabilities in the financial statements. | The officer in charge of the subject is instructed to account accurately. | Action should be taken to show the value of rates and taxes payable in the liability statement of the financial statement. |

1.6.3 Statement on the Advances to Public Officers Account

| Audit Observation | Comments of the Accounting Officer | Recommendation |
|---|---|--|
| ----- | ----- | ----- |
| No action had been taken to recover the loans of Rs. 776,750 due from three officers of 03 Divisional Secretariats. | Action will be taken to recover the relevant loan balances. | Action should be taken to recover the arrears. |

1.6.4 Property, Plant and Equipment

| Audit Observation | Comments of the Accounting Officer | Recommendation |
|---|---|---|
| ----- | ----- | ----- |
| The value of 32 office buildings used by 08 Divisional Secretariats had not been assessed and accounted for in the year under review. | The valuation value of the buildings has not been provided by the Valuation Department. Reminders have been made. Action will be taken to account as soon as received | Action should be taken to assess the value of office buildings. |

1.6.5 Non-maintenance of Registers and Books

Following observations are made.

| Audit Observation | Comments of the Accounting Officer | Recommendation |
|---|--|---|
| ----- | ----- | ----- |
| (a) According to Financial Regulation 891 (1), gurantee register containing the details of the officers and employees to be keep gurantees had not been prepared. | Arrangements will be made to maintain gurantee register in accordance with Financial Regulation. | A guarantee register must be maintained in accordance with Financial Regulation. |
| (b) A register of electrical equipment had not been maintained in accordance with Financial Regulation 454 (2). | Arrangements will be made to maintain the register of electrical appliances in accordance with the Financial Regulation. | Should Maintain an inventory of all electrical appliances and equipment in accordance with Financial Regulations. |
| (c) A register of damages had not been maintained in accordance with Financial Regulations 110. | The register of damages is being maintained as per F.R and action will be taken to maintain it in updated manner. | A register of damages should be maintained in accordance with Financial Regulations. |
| (d) A register of liabilities had not been maintained in accordance with Financial Regulation 214. | Arrangements will be made in future to maintain the register of liabilities in accordance with F.R. | Liabilities should be recorded in a liability register in accordance with Financial Regulations. |

1.6.6 Lack of Evidence for Audit

| Audit Observation | Comments of the Accounting Officer | Recommendation |
|--|--|---|
| Confirmations of Rs.35,949,298 added to the value of assets had not been submitted to the audit on the revision of the opening balance as at 01.01.2020 as stated in the Non-Current Assets Statement (ACA-6). | I kindly inform you that statements for the opening balances will be submitted in the coming year. | Along with the financial statements, reconciliation statements related to the opening balance amendments should be submitted. |

2. Financial Review

2.1 Management of Imprests

| Audit Observation | Comments of the Accounting Officer | Recommendation |
|--|--|--|
| A sum of Rs.5,804,101,000 had been requested to make payments by 31 December of the year under review but only Rs.4,737,886,844 had been received. Accordingly, the difference between the imprest amount requests made and the imprest amount received was Rs. 1,066,214,156. | Work had been done only for the imprest received amount of Rs.4,737,886,844. | It should be taken care of imprest management. |

2.2 Deposits

| Audit Observation | Comments of the Accounting Officer | Recommendation |
|--|---|---|
| Liquor outlet license fee of Rs.2,455,800 payable by the Alaiyadi Wembu Divisional Secretariat in the year under review and in previous years, was kept in the deposit account without taking any action to send to the relevant department. | Alaiyadiwembu D.S. office has so far paid Rs. 1,091,800 from the relevant amount and it was informed that the balance will be sent as soon as the imprest amount is received. | Action should be taken to send the collected liquor license fees to the relevant department within the stipulated time. |

2.3 Non-compliance with Laws, Rules and Regulations

Following observations are made.

| | Audit Observation | Comments of the Accounting Officer | Recommendation | |
|-----|--|---|--|--|
| | Reference to Non-compliance Laws, Rules and Regulations | | | |
| (a) | Chapter xii section 23.18 of the Establishments Code of the Democratic Socialist Republic of Sri Lanka | The Head of the Department had not taken action to prepare a report on leave taken by officers outside the island, present it to the Auditor General. | Arrangements have been made to submit a report in the future on leave (overseas leave) spent by the officers outside the area. | Action should be taken to comply with the provisions of the Establishments Code. |
| (b) | Section 3.5 of Paragraph 10.1 of the Public Finance Circular No. 02/2020 | A report had not been submitted, with formal reasons regarding 03 capital expenditure savings of more than 5% for the year under review. | Steps have been taken to prevent such mistakes in the future. | Action should be taken according to the Financial regulations. |

2.4 Surcharging

| Audit Observation | Comments of the Accounting Officer | Recommendation |
|---|--|---|
| Although Samurdhi stamps should be issued based on the number of family members in terms of Divineguma Circular No. 08/2017 dated 29 March 2017 and Revised Circular No. DSD/HO/SW/14/16 dated 10 September 2019 of the Department of Samurdhi Development, no action had been taken to recover a sum of Rs.2,993,215 which was overpaid by 10 Samurdhi banks for 43 families contrary to that. | Arrangements have been made to charge in installments that overpaid subsidy given to Samurdhi beneficiaries, | Steps should be taken to recover the excess payments made contrary to the circular. |

3. Operating Review

3.1 Projects abandoned without completing

Following observations are made.

| Audit Observation | Comments of the Accounting Officer | Recommendation |
|---|--|---|
| (a) Although the Ministry of Buddhasasana, Culture and Religious Affairs had provided financial assistance of Rs. 4,026,559 on 02 February 2020 for the construction of the Cultural Center in Uhana, because of not done the procurement work related to this construction, these provisions were returned and the project was abandoned. | The project could not be implemented due to the slowdown in office operations due to the Covadi-19 situation. | Steps should be taken to expedite the construction work for which funds have been received. |
| (b) Although the Ministry of Rural Housing and Construction has provided financial assistance of Rs. 250,000 during the year under review, for road repairs and electricity connections in the Samanthurai and Navidanveli Divisional Secretariats, these projects were abandoned due to non-submission of feasibility study reports and assessment reports within the stipulated time. | Steps have been taken to check the failure to submit reports in a timely manner and instructions have been given to prevent such incidents in the future. | Feasibility reports and estimates should be submitted in time and steps should be taken to implement the project. |
| (c) The Ministry of National Integration for the Economic Empowerment and Social Infrastructure Development Project had provided financial assistance of Rs. 1,000,000 in 2019, for the construction of the indoor pavilion of Carmel Fathima National School in Kalmunai Divisional Secretariat Division, but this project was abandoned without being initiated during the relevant period. | Although it was requested in the year 2020 for the approval for inclusion of this project under the continuation programs and to release the relevant amount, this project has been abandoned due to lack of approval. | Steps must be taken to implement the project in a timely manner. |

3.2 Delay in Execution of Projects

| Audit Observation | Comments of the Accounting Officer | Recommendation |
|--|--|---|
| According to the agreement of the project for the construction of the Elderly Care Center in Mahaoya area, the Ministry of Primary Industries and Social Empowerment should have started its construction work on 20th August 2020 and completed it on 13th October 2020. Although the contract was awarded to a private company for Rs. 2,488,475, only Rs. 1,082,799 or 43% of the work had been completed by 21 April 2021. | Due to the Kovid-19 epidemic and other reasons, the work could not be completed within the stipulated time and a sum of Rs. 1,082,799 was paid for the work completed and the balance was deposited. | The project should be completed as per the agreement. |

3.3 Losses and Damages

| Audit Observation | Comments of the Accounting Officer | Recommendation |
|---|---|--|
| The amount of Rs. 635,325 which was not reimbursed by the insurance company for two accidents involving a vehicle belonging to the District Secretariat in the years 2019 and 2020, was not mentioned in the Note (i) of the statement of losses and damages in the financial statements. | As the investigation into the accident was not fully completed, erroneously they were not included in the statement of losses and damages. But the investigations are not over but the subject officer has been informed that they should be included as damages. | Losses due to motor vehicle accidents should be disclosed in the financial statements. |

3.4 Management Weaknesses

Following observations are made.

| Audit Observation | Comments of the Accounting Officer | Recommendation |
|---|--|--|
| (a) No action had been taken to recover the outstanding lease rental of Rs. 5,271,471 which should have been collected by 04 Divisional Secretariats when allotting lands on long term lease basis. | Advised to recover arrears from relevant lease depositors. | Steps should be taken to collect lease revenue in a timely manner. |

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|---|---|--|
| (b) No action had been taken to recover the rent of Rs. 338,531 due from 6 Government Houses belonging to the District Secretariat since 2002. | This balance is applicable to 06 government houses and steps have been taken to recover these. | Steps should be taken to expedite the collection of rent from government houses. |
| (c) The vehicle insurance claim of Rs. 4.8 million, which could have been obtained from the Insurance Corporation in the event of an accident involving a vehicle belonging to the District Secretariat in the year 2015, could not be obtained by the end of the year under review due to non-requesting within the stipulated time. | Ministry approval is sought on 08.10.2021 to obtain compensation. | Steps should be taken to obtain compensation from the Insurance Corporation as soon as possible. |
| (d) A vehicle belonging to the District Secretariat had been handed over to a garage for repair for more than 20 years, but no action had been taken to recover it by the end of the year under review. | A report from the Motor Vehicle Inspector is requested to bring the vehicle bearing number 42-8880 back to this office. | The vehicle must be repaired and put to use. |

4. Human Resource Management

Following observations are made.

| Audit Observation | Comments of the Accounting Officer | Recommendation |
|---|---|---|
| ----- | ----- | ----- |
| (a) Administrative activities in Grama Niladhari Divisions were slow due to non-recruitment of 76 vacant Grama Niladhari posts. | Action has been taken to inform the Ministry about the number of Grama Niladhari vacancies. | Action should be taken to fill the vacancies taking into consideration the service requirements. |
| (b) The approved cadre for the year under review was 2,364, but the actual cadre was 2,163. However, appropriate action had not been taken to recruit 201 vacant posts. | The Ministry of Home Affairs has been informed. | Steps should be taken to fill the vacancies existing at the Divisional Secretariat level on service requirements. |