

Head 265- District Secretariat, Mannar

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the District Secretariat, Mannar for the year ended 31 December 2021 comprising the statement of financial position as at 31 December 2021 and the statement of financial performance and cash flow 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, Mannar was issued to the Accounting Officers on 22 June 2022 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 16 August 2022 in terms of Section 11 (2) of the National Audit Act, No. 19 of 2018. This report will be tabled in Parliament in pursuance of provisions in Article 154 (6) of the Constitution 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 the Paragraph 1.6 of this report, the accompanying financial statements give a true and fair view of the financial position of the District Secretariat, Mannar as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

1.2 Basis for the 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 responsibilities, under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

1.3 Responsibility of Chief Financial Officer and Financial Officer for the Financial Statements

The Accounting Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with Generally Accepted Accounting Principles and provisions in Section 38 of the National Audit Act, No. 19 of 2018 and for such internal control as management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

As per Section 16(1) of the National Audit Act No. 19 of 2018, the District Secretariat is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable annual and periodic financial statements to be prepared.

In terms of 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 Financial Statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District Secretariat's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Evaluate the overall presentation, 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.

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

1.5 Report on Other Legal and Regulatory Requirements

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

- (a) The financial statements are in consistence with that of the previous year.
- (b) Recommendations made by me regarding the financial statements of the previous year had been implemented.

1.6 Comments of the Financial Statements

1.6.1 Accounting Deficiencies

Following observations were made.

Audit Observation	Comment of the Accounting Officer	Recommendation
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(a) There were non-reconciled differences per Rs.244,770 in recurrent expenditure and capital expenditure as per statement of financial performance and total expenditure report of General Treasury.	Instructions were given to act so as to not to occur such acts in future.	It should be acted to state the correct balances in the accounts by comparing with numbers, supporting information in the accounting statements.

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| (b) The rehabilitation and improvements expenditure of capital assets of Rs.5,819,399 and a value of the buildings in the District Secretariat premises with extent of 2625 square feet had not been accounted as non-financial assets. | Actions are being taken to discuss the errors on capital expenditure with General Treasury and, to account the value of buildings by valuing. | Assets should be accounted correctly. |
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2. **Financial Review**

2.1 **Imprest Management**

Audit Observation

It was unable to utilize approved capital provisions as imprest of Rs.53,744,588 was not issued by the General Treasury.

Comment of the Accounting Officer

The financial provisions could not be utilized totally as non-receipt of the imprest.

Recommendation

The imprest received should be utilized optimally.

2.2 **Expenditure Management**

Following observations were made.

Audit Observation

(a) The savings of provisions in the year under review of 21 Objects was Rs.72,757,322 and, it was ranged from 06 per cent to 100 per cent from the net provision.

(b) The percentage of transferring of provision from other Objects for 06 Objects had been 38 per cent from the net provision.

Comment of the Accounting Officer

The non-receipt of required imprest was caused for the savings in provisions.

Instructions were given to the officers to prepare the budget accurately in future.

Recommendation

The imprest received should be utilized optimally.

The estimates should be planned accurately.

(c) Although the provision of Rs.5,780,000 had been transferred from other Objects for 05 Objects, the savings of provisions as at 31 December 2021 for those Objects were Rs.5,911,492.	The non-receipt of required imprest was caused for the savings in provisions.	-Do-
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2.3 Utilization of Provisions Given by Other Ministries and Departments

Audit Observation	Comment of the Accounting Officer	Recommendation
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There were savings of Rs.110,113,823 or a range from 09 per cent to 100 per cent from the provisions received for capital Objects for the year under review by 43 ministries and Departments. The value of total provisions savings that prevailed in it had been an amount of Rs.21,681,260.	There were savings in the provisions due to financial crisis prevailed in the country, inflation, transportation difficulties, non-receipt of imprest.	Measures should be taken to utilize the imprest received productively.

3. Operating Review

3.1 Procurement

Audit Observation	Comment of the Accounting Officer	Recommendation
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Although the provision of Rs.50,000,000 was made for the construction of a techno park, a vehicle park and an auditorium, a comprehensive procurement plan as per 4.2.1 of procurement guideline and a procurement timetable as per 4.2.3 of procurement guideline had not been prepared.	Actions were taken to not to occur such errors in future.	Procurement process should be implemented as per procurement guideline.

3.2 Asset Management

Audit Observation	Comment of the Accounting Officer	Recommendation
03 vehicles, a tractor, a tractor trailer and 12 motor bikes in the District Secretariat had been unused since a longer period of time.	The main reason was not having registration certificate. Actions are being taken to obtain it.	It should use assets or take the other action promptly.

3.3 Losses and Damages

Following observations were made.

Audit Observation	Comment of the Accounting Officer	Recommendation
(a) District Secretariat had overpaid Rs.217,994 for a hostel constructed in year 2017 by District Secretariat.	Measures were taken to recover overpaid amount.	Over payments should be recovered.
(b) It had been incurred a loss of Rs.250,220 as it had to change district secretariat building again due to not implementing the activities by planning properly.	Non-prevalence of suitable space was a huge issue. So, it had been approved at the progress review meeting to use the ground floor for offices.	Projects should be implemented by properly planning.

3.4 Uneconomic Transactions

Audit Observation	Comment of the Accounting Officer	Recommendation
----- Although Rs.1,000,000 had been given to two beneficiaries in year 2015 to build houses in Wilankuli Grama Niladhari Division in area of Maantai West Divisional Secretariat, the construction of those houses had not been completed and, the beneficiaries had not resided in those houses.	----- It was informed that if it was not completed the relevant task or deposited the money given to the government account, the required legal actions would be taken.	----- Actions should be taken to complete the relevant construction or recover the given money promptly.

3.5 Operating Deficiencies

Following observations were made.

Audit Observation	Comment of the Accounting Officer	Recommendation
----- (a) Though it was paid Rs.72,565,061 as at 20 June 2022 for the constructions in the premises of District Secretariat, any of such as the relevant estimate for the complete construction, approval of Urban Development Authority, Architectural and Structural Drawings had not been prepared.	----- In order to avoid such errors in future, actions were done to implement the large capital works through Building Department.	----- It should be acted as per rules and technical instructions.

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| <p>(b) The damage of Rs.1,565,125 from 02 accidents occurred during the year under review had not been stated in the Damages and Losses Register and, the liability was not determined by conducting examinations as per Financial Regulation 104(1).</p> | <p>Instructions were given not to occur such things again. Future actions would be done as per Financial Regulation 104.</p> | <p>It should be acted as per Financial Regulations.</p> |
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4. Human Resource Management

Audit Observation -----	Comment of the Accounting Officer -----	Recommendation -----
<p>There were 162 vacancies as at 31 December 2021 from the approved cadre of 667 for District Secretariat and Divisional Secretariats.</p>	<p>Actions are being done by the Ministry to fill the vacancies.</p>	<p>The vacancies should be filled as per the requirement.</p>