

## **Head 266 - District Secretariat, Vavuniya**

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### **.1 Financial Statements**

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#### **1.1 Qualified Opinion**

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The audit of the financial statements of the District Secretariat, Vavuniya 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, Vavuniya was issued to the Accounting Officers on 23 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 30 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.

The financial statements give a true and fair view of the financial position of the District Secretariat, Vavuniya as at 31 December 2021, and the financial performance and cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

#### **1.2 Basis for the Opinion**

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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**

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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

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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

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I express the following matters in accordance with Section )(1)6d) 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

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### 1.6.1 Accounting Deficiencies

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<b>Audit Observation</b>	<b>Comment of the Accounting Officer</b>	<b>Recommendation</b>
Although it was spent Rs.8,667,539 for the rehabilitation and improvements of capital assets in the year under review, those were not capitalized as fixed assets.	Only the assets that increase the value are added as fixed assets. Also, it had not been informed on the addition of capital assets rehabilitation and improvement expenditure in Property, Plant and Equipment Statement.	Actions should be done to state capital nature expenditure as fixed assets.

## 2. Financial Review

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### 2.1 Expenditure Management

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<b>Audit Observation</b>	<b>Comment of the Accounting Officer</b>	<b>Recommendation</b>
(a) It was saved 100 per cent or Rs.100,000,000 from the provisions made for an Object.	This provision made through supplementary estimate had not been requested by us.	Wrong entries should be rectified promptly.
(b) Security services and electricity charges of Rs.781,302 in Vavuniya Economic Centre that was in recurrent nature had been paid under a capital Object by District Secretariat.	Ministry released provisions for security services expenses under capital Object.	Expenses should be accounted under correct Object.

## 2.2 Incurring of Liabilities and Commitments

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<b>Audit Observation</b>	<b>Comment of the Accounting Officer</b>	<b>Recommendation</b>
There were non-reconciled differences of Rs.33,138 between liabilities statements prepared by District Secretariat and Treasury.	It was unable to find reasons for not mentioning that value in treasury prints.	Accounts should be prepared by reconciling with treasury entries.

## 2.3 Utilization of Provisions given by Other Ministries and Departments

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<b>Audit Observation</b>	<b>Comment of the Accounting Officer</b>	<b>Recommendation</b>
Provisions ranging from 12 per cent to 100 per cent were saved from the recurrent and capital provisions given by 17 other ministries and departments.	Savings were prevailed due to reasons such as delays in receipts of provisions, pandemic condition, and insufficient imprests.	The received provisions should be utilized productively.

## 2.4 Certifications made by Accounting Officer

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<b>Audit Observation</b>	<b>Comment of the Accounting Officer</b>	<b>Recommendation</b>
Although the accounting officer should certify that the replies have been given for all the audit queries within specified period of time so as to require by the Auditor General as per the provisions in Section 38 of National Audit Act No. 10 of 2018, the replies for audit queries had not been given as per Paragraph 3.4 of the report.	There was a time delay of replying as it had to translate the audit queries to reply and it had to submit report by conducting disciplinary examinations.	It should be acted as per provisions in Section 38 of National Audit Act No. 10 of 2018.

2.5 Non-compliance with Laws, Rules and Regulations and etc.

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<b>Audit Observation</b>	<b>Comment of the Accounting Officer</b>	<b>Recommendation</b>
----- The investigation activities of 02 vehicle accidents that were delayed for period from 10 to 12 years had not been finished until now in compliance with Financial Regulation 104 of Financial Regulations of Democratic Republic of Sri Lanka.	----- The activities writing off from books would be done after the receipt of the ministry approval.	----- It should be acted as per Financial Regulations.

3. **Operating Review**

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3.1 **Delays in Implementation of Projects**

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<b>Audit Observation</b>	<b>Comment of the Accounting Officer</b>	<b>Recommendation</b>
----- A cheque of Rs.682,051 had been retained in the office by writing on 31 December 2021 before purchasing 40 items of goods in contrary to the Financial Regulations 137 and 138 for Prosperity Project by Vavuniya Divisional Secretariat	----- It was informed that only the cheque with the value of Rs.682,051 had to be paid.	----- It should be acted to obtain goods and pay in scheduled time period.

3.2 **Asset Management**

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<b>Audit Observation</b>	<b>Comment of the Accounting Officer</b>	<b>Recommendation</b>
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(a) 17 government quarters that owned to District Secretariat and Vengalasettikulam District Secretariat had been unused for the period of 03 months to 05 years.	Insufficient funds for repairing were reasoned for this.	Assets should not be kept unusably.

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| (b) | Actions had not been taken for more than 05 years regarding 02 dilapidated government houses owned to Divisional Secretariats of Vavuniyawa and Vengalasettikulam.  | Measures will be taken to remove Vengalasettikulam government house as it was unable to use.  | Suitable measures should be taken regarding unusable assets.   |
| (c) | 25 vehicle including motor bikes owned to District Secretariat and Divisional Secretariats had been abandoned without repairing for the period from 02 years to 10 years.   | Actions are done to repair, to auction, to hand over to Vocational Training Authority based on the conditions of the vehicles.                | Assets should not be kept unusably.  |
| (d) | Omantha Cultural Centre that constructed with the cost of Rs.16,093,613 in year 2018 had been remained unusable since more than 03 years. Further, 349 items of goods valued at Rs.991,670 that purchased for this center in year 2020 had been prevailed more than one year unusably and insecurely. | The reason for this was not taking measures by the Ministry of Cultural Affairs to assign a development and security officer for this center. | Measures should be taken not to keep the assets unusably.  |
| (e) | 103 items of goods valued at Rs.1,087,825 that purchased in year 2021 under Prosperity Project had been retained in the Vavuniya Divisional Secretariat until now.  | These goods will be accepted once the centers are implemented.  | Goods should not be purchased before commencing the project and, suitable actions should be taken to achieve objectives. |

### 3.3 Uneconomic Transactions

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#### Audit Observation

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As Vavuniya economic center was not utilized so far, Rs.4,848,147 that was incurred by District Secretariat for its security and cleaning activities, water charges and purchasing of equipment from year 2018 to year 2021 had been an uneconomic expense.

#### Comment of the Accounting Officer

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As it was unable to use if not maintain properly until this center commenced, it was expensed to protect it by maintaining.

#### Recommendation

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Assets should not be kept unusably.

### 3.4 Not Replying for Audit Queries

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<b>Audit Observation</b>	<b>Comment of the Accounting Officer</b>	<b>Recommendation</b>
----- It was not replied for 02 audit queries and, the time period was prevailed from 10 months to 15 months.	----- It was delayed to reply as it had to take replies by translating audit queries and, to present reports by conducting disciplinary examinations.	----- It should be acted to provide replies for audit queries promptly.

### 3.5 Management Weaknesses

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<b>Audit Observation</b>	<b>Comment of the Accounting Officer</b>	<b>Recommendation</b>
----- (a) The rent arrears of Rs.1,013,050 prevailed since period from 01 month to 10 years from government quarters that owned to Vavuniya District Secretariat had not been recovered.	----- Reminding letters were sent for this.	----- Actions should be taken to recover rent arrears within scheduled time period and, it should be acted as per provisions of Establishment Code.
(b) The rent period of a government quarters owned to District Secretariat that given to terrorist investigation unit in year 2011 had been expired as per Sub-section 6.1 of Chapter XIX in Establishment Code. But, that quarters had not been taken back and, measure had not been taken to recover the rent arrears of Rs.307,200 that prevailed from the month of May 2011 to the month of December 2021.	----- Though it was requested to obtain that quarters and rent arrears, any measure had not been taken by the relevant department.	----- Measures should be taken to recover rent arrears by taking actions as per Establishment Code.

(c)	Any action had not been taken by the District Secretariat against residing in a government quarters for period of 13 months without permission and paying rent by a retired officer.	It was informed to hand over the relevant quarters and settle the rent arrears.	-Do-
(d)	It was paid Rs.148,999 for 1366 liters by exceeding approved limit for assigned vehicles to officers in District Secretariat and 02 Divisional Secretariats for year 2021 in contrary to Home Affairs Circular No. 08/2018 dated on 27 march 2019 and Public Administration Circular No. 13/2008 dated on 26 June 2008.	It will obtain advices from State Ministry of Home Affairs for required approval and, it will be acted accordingly.	It should be acted in compliance with the instructions in the circulars.

4. **Human Resources Management**  
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<b>Audit Observation</b>	<b>Comment of the Accounting Officer</b>	<b>Recommendation</b>
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There were 68 vacancies and 06 excess in the cadre of District Secretariat and divisional secretariats as at 31 December 2021.	As the appointing authority does not have with the District Secretariat, the vacancies will be informed to the relevant Ministry and, new appointments and transfers will be done accordingly.	Suitable actions should be taken regarding vacancies and excess by considering the service requirements.