

Head - 274 District Secretariat Anuradhapura

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of Head - 274 District Secretariat Anuradhapura 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 containing my comments and observations on the financial statements of the District Secretariat Anuradhapura was issued to the Accounting Officer on 31 May 2023 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 May 2023 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 Anuradhapura 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 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 had been implemented.

1.6 Comment on the Financial Statements

1.6.1 Accounting Deficiencies

(a) Non-revenue Receipts

The following deficiencies were observed in accounting non-revenue receipts relating to the financial statements.

Audit Observation	Comment of the Accounting Officer	Recommendation
The non-revenue receipts were overstated by Rs.28,392,422 due to the fact that, although the advance receipts were Rs.74,874,530 according to the Treasury printed notes and ACA 5 form, that figure was shown as Rs.103,266,952 in the statement of financial performance.	It has been occurred by omission.	The relevant amount should be included in the financial statements according to the treasury prints.

(b) General Ledger Expenses

The following deficiencies were observed in accounting General Ledger Expenses relating to the financial statements.

Audit Observation	Comment of the Accounting Officer	Recommendation
The general ledger expenses were overstated by Rs.38,140,436 due to the fact that, although the advance payments were Rs.67,653,680 as per the treasury printed notes, said figure was shown as Rs.105,794,116 in the statement of financial performance.	It has been occurred by omission.	The relevant amount should be included in the financial statements according to the treasury prints.

(c) Recurrent Expenditure

The following deficiencies were observed in accounting recurrent expenditure relating to the financial statements.

Audit Observation	Comment of the Accounting Officer	Recommendation
Even though the expenditure of Rs.4,286,928 incurred by other departments on behalf of the District Secretariat Anuradhapura should have not been included in the cash flow statement, it has been stated under persons' wages and operating expenses in the cash flow statement.	Action will be taken to rectify.	Data should be presented in the financial statements as per the guidelines.

(d) Capital expenditure

The following deficiencies were observed in accounting Capital expenditure relating to the financial statements.

Audit Observation	Comment of the Accounting Officer	Recommendation
An amount of Rs.199,956,036 incurred for 05 capital expenditure objects had not been shown under persons' wages and other operating expenses in the cash flow statement.	Capital expenditure has been included in Rs.199,956,036 and therefore not shown under persons' wages and other operating expenses.	Data should be presented in the financial statements as per the guidelines.

(e) Imprest Balance

The following deficiencies were revealed in accounting for imprest balances.

Audit Observation	Comment of the Accounting Officer	Recommendation
(i) According to Section 7.5 of the Public Accounts Guidelines No.2022/05 dated 31 December 2022, although the balance at the end of the year in the financial performance statement should be equal to the sum of the balance as per the imprest	It has been occurred by omission.	Differences between balances should be adjusted.

reconciliation statement and the imprest balance at the end of the year, there was a difference of Rs.10,567,936 between two balances.

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| (ii) | According to calculations, although the credits made to Advance B account by other heads were Rs.10,706,878, that figure had been overstated by Rs.28,030,538 in the imprest reconciliation statement as Rs.38,737,436. | Action will be taken to rectify. | Correct values should be accounted. |
| (iii) | According to calculations, although the debits made to Advance B account by other heads were Rs.584,500, that figure had been overstated by Rs.38,935,500 in the imprest reconciliation statement as Rs.39,520,000. | Action will be taken to rectify. | Correct values should be accounted. |
| (iv) | According to the consolidated trail balance, although the credits made by the reporting entity for the advance "B" account on behalf of other heads was Rs.39,520,000, it had been under stated by Rs.28,664,979 in the imprest reconciliation statement as Rs.10,855,021. | Action will be taken to rectify. | Correct values should be accounted. |
| (v) | According to the consolidated trail balance, although the debits made by the reporting entity on behalf of the Advance B account were Rs.38,987,436, it had been understated by Rs.31,910,164 in the imprest reconciliation statement as Rs.7,077,272. | Action will be taken to rectify. | Correct values should be accounted. |
| (vi) | Although the imprest balance as at 31 December of the year under review was Rs.7,767,350 according to the treasury printed notes, that figure had not been shown in the column showing the balance as per treasury books in ACA 3 form and in the imprest balance column as on 31 December in the financial performance statement. As well as, although the sum of | Action will be taken to rectify. | Correct values should be accounted. |

imprest settlement by cash and expenses was Rs.5,637,849,213 in the year under review according to the treasury printed notes, due to that figure was Rs.5,645,581,089 according to ACA 3 model, there was a discrepancy of Rs.7,731,876 between two balances.

2. Financial review

2.1 Revenue Management

The following observations are made.

Audit Observation	Comment of the Accounting Officer	Recommendation
(a) The government fee to be charged for black stone mining in 09 Divisional Secretariat Divisions was Rs.147,298,661 when comparing the quantity of black stone cube that paid the Royalty Return to the Geological Survey and Mines Bureau in payment of the fees mentioned in Extraordinary Gazette No.2216/34 dated 25 February 2021 issued by the Conservator General for black stone mining.	Regular written notifications have been made regarding the payment of arrears and a decision has been made to discuss with the relevant parties in the future for collection.	The relevant amount should be collected immediately.
(b) According to the Extraordinary gazette No.1600/18 dated 06 May 2009 issued regarding the collection of government fees for gravel mining, Rs.10,045,440 should have been collected as government fees related to the total cube quantities mined by the persons who have completed the gravel mining related to the years 2019 to 2022 in 02 Divisional Secretariat Divisions on December 31 of the year under review.	Persons have been informed to pay the relevant amount and legal action will be taken if they do not pay.	Arrangements should be made to recover the arrears promptly.

3. Operating Review

3.1 Non- performances of Functions

The following observations are made.

Audit Observation	Comment of the Accounting Officer	Recommendation
(a) The divisional secretaries should hold land kachcheri and take action to solve land-related problems as per the circular No.2008/04 dated 20 August 2008 for the formalization of land management issued by the Land Commissioner General to provide land for landless people residing and engaged in farming activities in the Divisional Secretariat Divisions and, to provide formal licenses for those who currently own land but do not have legal rights. Nevertheless, land kachcheri had not been held in 18 Gramasewa domains of 03 Divisional Secretariat Divisions since 03 years or more.	The holding of land kachcheri had been reduced due to the poor health conditions in the country.	Land kachcheri should be held at proper times as per the circular.
(b) The amount of Rs.8,000,000 received from the Chief Secretary to the Ministries of the North Central Province on 31 December 2017 to the Divisional Secretary of Palugaswewa as land acquisition fees for the Habarana Tourist Information Center had been still retained in the General deposit account at the end of the year under review.	These projects are in active status and are currently being act under Section 4 of the Land Acquisition Act.	Acquisition of land should be expedited.

3.2 Non-achievement of expected Output Level

The following observations are made.

Audit Observation	Comment of the Accounting Officer	Recommendation
21,261 chicks were distributed to 287 beneficiaries at the cost of Rs.7,099,111 under the Livelihood	The overall progress in Kahatagasdigiliya Division is about 78% and 112	The beneficiaries should be correctly identified after a feasibility study, agreements

Development Projects of 2021 and 12,441 or 58% of the chicks out of that had died. Therefore, It was observed that the expected benefits of the program had not been achieved.

beneficiaries of Medavachchiya Divisional Secretariat Division will sell eggs to the market.

should be made with conditions and the project should be implemented at appropriate times, and follow-up should be done continuously.

3.3 Management Weaknesses

The following observations are made.

Audit Observation

Comment of the Accounting Officer Recommendation

(a) In relation to 06 credit schemes implemented by the Sri Lanka Women's Bureau under the supervision of women's development officers of each Regional Secretariat, an amount of Rs.2,833,192 as on 31 December of the year under review in 18 Divisional Secretariats remained outstanding for more than 03 years.

These outstanding loan balances are being recovered and letters of request have been sent to Sri Lanka Women's Bureau to write off certain uncollected loans as bad debts.

Arrangements should be made to recover outstanding loan promptly.

(b) In cases where part of the land has been disposed of for the construction of transmission towers by the owners of grant papers given for agro-industrial works and residential works under the Land Development Ordinance, although the relevant grant papers should be received to the government as per the circular No.2020/02 dated 06 February 2020 named "post activities of grant papers" issued under the Lands Development Ordinance of the Commissioner General and it should be act according to

Action has being taken to taken over the relevant grant papers and opened the files to process them according to the circular.

It should be act as per provisions of the circular.

the instructions in Part VI of the said circular, the 126 communication towers existing on such lands in 15 Divisional Secretariat were not dealt with in accordance with the said circular.

- (c) 1636 grant papers signed by the President and sent to 03 Divisional Secretariats were not registered and handed over to the respective owners and the period of time the grant papers were received was between 01 and 14 years. Handing over the grant papers to the original owners has become problematic due to the facts that, difficulty in paying cash, moving out of residence, not registered with the Land Registrar, information not available, located in reserved areas, enjoyed by other parties, other grant papers has been issued, multiple occupiers existing in the land with grant papers. Arrangements should be made to give grant papers to the beneficiaries promptly.
- (d) The balance to be further settled from the advance given by the Treasury during the period of 2001 to 2006 for the purchase of paddy was Rs.32,247,247. Request has been made to obtain a report for the sum of Rs.3,485,983 due from the Sri Lanka Co-operative Society and to cut off Rs.2,120,000 in relation to the Agrarian District Office. Action has been taken to lawsuits for 02 Agricultural Development Councils and 03 Various Services Cooperative Societies, collected after the liquidation of the Nochchiyagama Various Services Cooperative Society and to obtain a report from the Eppawala Various Services Cooperative Society. Arrangements should be made to collect money from the relevant parties and pay it to the treasury.

4. Good governance

4.1 Rendering of Services to the Public

The following observations are made.

Audit Observation	Comment of the Accounting Officer	Recommendation
An amount of Rs.613,721 which was deposited by the National Water Supply & Drainage Board on 31 December 2015 in the Nachchaduwa Divisional Secretariat for compensation for the lands submerged during the irrigation of Turuvila Lake was still held in the General deposit account on 31 December of the year under review and giving those compensation for relevant beneficiaries had not been completed.	As the retention money is not sufficient to compensate for the land acquired during the raising of Taruwila irrigation, allocations for that has been requested from the Water Supply Board, Ratmalana.	Payment of compensation should be made promptly.

5. Human Resource Management

The following observations are made.

Audit Observation	Comment of the Accounting Officer	Recommendation
As on December 31 of the year under review, there were 25 senior level vacancies, 27 tertiary level vacancies, 34 primary level vacancies and 37 secondary level surpluses in the District Secretariat and 22 Divisional Secretariats.	Accept	Vacancies should be filled.