

Head 266 - District Secretariat of Vavuniya

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the District Secretariat of Vavuniya 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 including my comments and observations on these financial statements presented to the Accounting Officer of the District Secretariat of Vavuniya in terms of Section 11(1) of the National Audit Act, No.19 of 2018 on 25 May 2023. The Annual Detailed Management Audit Report was issued to the Accounting Officer on 26 June 2023 in terms of Section 11(2) of the National Audit Act, No.19 of 2018. This report 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 will be tabled in Parliament in due course.

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 of Vavuniya 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 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 judgment and maintain professional skepticism 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 Comments on Financial Statements

1.6.1 Accounting Deficiencies

(a) Property, Plant and Equipment

Audit Observation	Comment of the Accounting Officer	Recommendation
During the year under review, the cost of 484 stock items disposed from usage by the District Secretariat and 04 Divisional Secretariats and 2670 square feet building disposed by the District Secretariat had not been removed from non-financial assets.	Action is being taken to assess the District Secretariat building complex separately. The assessed value of the destroyed 2670 square feet building will then be removed by CIGAS.	Action should be taken to remove the cost of disposed non-financial assets from the financial statements.

(b) Non-maintenance of Registers and Books

Audit Observation	Comment of the Accounting Officer	Recommendation
The electrical fittings register had not been maintained by the District Secretariat in the proper and updated manner as per Financial Regulation 454(2) of the Democratic Socialist Republic of Sri Lanka.	The district secretariat has not maintained the electrical fittings register properly up to now in accordance with the Finance Regulation 454(2) of the Democratic Socialist Republic of Sri Lanka, but this register will be maintained systematically in the future according to the respective regulations.	Actions should be taken to maintain the register properly as mentioned in the Financial Regulations.

2. Financial Review

2.1 Utilization of Provisions made available by other Ministries and Departments

Audit Observation	Comment of the Accounting Officer	Recommendation
Out of a total provision of Rs.234,442,571 provided by 10 other ministries and 05 departments in the year under review, a total sum of Rs.234,169,769 had not been utilized and the savings ranged from 18 per cent to 100 per cent.	Due to the economic crisis in the country and in accordance with the budget circular, there was a savings of the provisions released.	Effective measures should be taken to utilize the financial provisions to achieve the objectives.

2.1.1 Certification to be made by the Accounting Officer

Audit Observation	Comment of the Accounting Officer	Recommendation
As per the provisions of Section 38 of the National Audit Act No. 19 of 2018, the Accounting Officer should 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. Such reviews should be carried out in writing, and a copy thereof should be presented to the Auditor General, but no statements had been furnished to the Audit that the reviews had been carried out.	Actions will be taken in the near future.	Action should be taken in accordance with Provisions in Section 38 of the National Audit Act No.19 of 2018.

2.1.2 Non- compliance with Laws, Rules and Regulations

Audit Observation	Comments of the Accounting Officer	Recommendation
According to the Financial Regulation 109, since the last 13 years, no effective measures have been taken to recover the vehicle accident losses of the Vavuniya North Divisional Secretariat totalling Rs.217,500 from the responsible vehicle drivers.	Steps had been taken to recover from the driver's salary from May 2023.	Actions should be taken to settle the losses in due course.

3. Operating Review

3.1 Performance

3.1.1 Non-achievement of expected Output Level

Audit Observation	Comment of the Accounting Officer	Recommendation
In addition to the nutrition programme of the Ministry of Women and Child Affairs which has been implemented since 2017 to provide Rs. 2,000 monthly to pregnant mothers, in the year under review according to the women and child affairs circular No. 6/2022 of Ministry of Women, Child Affairs and Social Empowerment dated 14 October 2022 in respect of additional payment of Rs.2,500 to lactating mothers, a payment scheme has been implemented for a period of 04 months from September to December 2022 and the responsibility of implementation and monitoring has been entrusted to the District Secretary and the Divisional Secretary. However, it was observed that the birth number of low weight babies had been increased to 236, 245 and 290 in 2020, 2021 and 2022 respectively.	Applications of pregnant mothers have not been submitted to the divisional secretariats in due time after obtaining the signatures of ptlm, MOH Gram Niladhari etc. Also, applications for stamps have been issued but there were delays in issuing them.	Actions should be taken to implement the circular properly.

3.1.2 Non-achievement of expected Outcome

Audit Observation	Comment of the Accounting Officer	Recommendation
(a) Out of the 2610 houses constructed and given in 2015 to 2610 families from the funds received from the Rural Housing Revival Program of the State Ministry, 64 houses had been left unused for residence up to now.	Efforts are being made continuously to get the beneficiaries settled by putting up leaflets.	Action should be taken to confirm that the beneficiaries who have been handed over houses have settled there and used them for the relevant purposes.

(b)	According to the budget proposals of the year 2018, the Vavuniya Economic Center which had been constructed at a total cost of Rs. 291,639,356 has not been opened for public use up to now. However, security service charges, cleaning and water charges totalling Rs. 5,865,128 for the center had been paid for last 05 years.	Action will be taken to use immediately after the approval of the Ministry of Rural Economic Affairs.	Actions should be taken to use it for the respective purpose.
-----	------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-------------------------------------------------------------------------------------------------------	---------------------------------------------------------------

3.1.3 Delays in the Execution of Projects

Audit Observation	Comment of the Accounting Officer	Recommendation
Out of the financial allocation given by the Ministry of Resettlement to Vavunia district for the construction of 456 toilets in the previous year, action had not been taken up to now by the Venkalcheddikulam Divisional Secretariat to construct 10 toilets for which the financial provision totalling Rs. 700,000 had been allocated.	Action will be taken to finalize as soon as the funds are received.	Appropriate actions should be taken to construct toilet systems expeditely by obtaining imprests.

3.2 Assets Management

3.2.1 Idle and Underutilized Assets

Audit Observation	Comment of the Accounting Officer	Recommendation
19 motorcycles that had been repaired and usable in the District Secretariat and Divisional Secretariat had been parked in the parking lot for the past 02 to 07 years without protection and maintenance.	After the transfer of ownership, action will be taken to give it back to officers as well as other departments.	Effective actions should be taken regarding the use of vehicles.

4. Achievement of Sustainable Development Goals

Audit Observation	Comment of the Accounting Officer	Recommendation
In order to achieve the sustainable development goals and targets, the district secretariat had not taken action to establish appropriate indicators to measure the progress of the achievement of the targets and the gap in achieving those targets.	Action is being taken to establish and implement relevant indicators	Appropriate measures should be taken to achieve the sustainable development goals.

5. Human Resource Management

Audit Observation	Comment of the Accounting Officer	Recommendation
There were 04 and 05 vacancies at senior level and tertiary level respectively.	Data is entered monthly to the Ministry of Public Administration, Home Affairs, Provincial Councils and Local Government regarding available vacancies at senior and tertiary levels.	Actions should be taken to fill the vacancies promptly and provide excellent service to the public.