

Head 267 - District Secretariat of Mullaitivu

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Head 267 - District Secretariat of Mullaitivu for the year ended 31 December 2023 comprising the statement of financial position as at 31 December 2023 and the statement of financial performance and cash flow statement for the year then ended and notes to the financial statements, including material accounting policy information 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 of Mullaitivu was issued to the Accounting Officer on 22 May 2024 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 11 June 2024 in terms of Section 11(2) of the Audit Act. This report will be submitted to the 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 of Mullaitivu as at 31 December 2023, 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 Comments on Financial Statements

1.6.1 Accounting Deficiencies

(a) Property, Plant and Equipment

| Audit Observations | Comments of the Accounting Officer | Recommendations |
|---|--|--|
| (i) A discrepancy of Rs.4,448,895 was observed by showing the total value of property, plant and equipment as on 31 December 2023 as Rs.1,383,024,529 as per the statement of financial position and as Rs.1,378,575,634 as per the treasury printed notes. | That we will work to prevent these variations in the coming years. | Steps should be taken to compare with treasury books while preparing financial statements. |
| (ii) A discrepancy of Rs.257,169 was observed by stating the capital asset rehabilitation and improvements as Rs.22,280,648 as per the financial performance statement and as Rs.22,537,817 as per the treasury printed notes. | That this difference will be corrected in the year 2024. | - do - |
| (iii) A discrepancy of Rs.399,320 was observed by indicating the purchase of capital assets as Rs.6,563,160 as per the financial performance statement and the balance as Rs.6,163,840 as per the treasury notes. | That this change was due to a technical flaw in the Zip file system. | - do - |

(b) Imprest Balances

| Audit Observation | Comment of the Accounting Officer | Recommendation |
|--|--|--|
| The imprest account balance of Rs.8,000,000 deposited by the National Elders Secretariat on 29 December 2023 for the construction of day care centers for the elders had not been shown as cash and cash equivalents in the financial statements of the year under review. | That it was not included in the settlement of accounts in the year 2023. | Unutilized deposit balances should be disclosed in the financial statements. |

2. Financial Review

2.1 Utilization of Provisions made available by other Ministries and Departments

| Audit Observations | Comments of the Accounting Officer | Recommendations |
|--|---|---|
| (a) In the 2020/2021 period, Rs.579,500 which was not paid to the beneficiaries from the money received from the Samurdhi Development Department to pay special benefits during the period of the Covid epidemic, was retained in the Pudukudiiruppu Community Bank without being reimbursed to the said department. | That the steps have been taken to reimburse. | Steps should be taken to reimburse to the Samurshi Development Department. |
| (b) A total outstanding balance of Rs.1,421,364 in the loans given by 03 Samurdhi Social Foundation Banks to 31 beneficiaries in the period from 2014 to 2022 remained at the end of the year under review. | That the steps will be taken to recover the loan through Samurdhi Development Officers. | Appropriate steps should be taken to recover outstanding loan balances. |
| (c) Even at the end of the year under review, appropriate measures had not been taken regarding the inactive bank account balances of Rs.26,299,722 of 6,172 beneficiaries of 05 types of accounts in Samurdhi Social Foundation Banks. | That the number of such accounts is being reduced. | Formal steps should be taken to activate bank accounts of Samurdhi beneficiaries. |

2.2 Issuance and Settlement of Advances

| Audit Observation | Comment of the Accounting Officer | Recommendation |
|---|---|--|
| Sum of Rs.14,259,125 or 69 percent from the advance amount of Rs.20,729,785 given by the District Secretariat to two different service cooperative societies without any agreement in 2015 for buying and selling paddy from the farmers, had not been settled till the end of the year under review. | That the balance of Panangamampattu Various Services Co-operative Society is Rs.1,909,125 and the balance of Visuvamadu Various Services Co-operative Society is Rs.12,350,000 and there is still more to be charged. | Appropriate action should be taken to recover the advance due. |

3. Operating Review

3.1 Failure to Perform Duties

| Audit Observations | Comments of the Accounting Officer | Recommendations |
|---|---|---|
| (a) National Housing Development Authority and State Ministry of Rural Housing, Construction Industry and Building Materials Industry Promotion provided Rs.13,405,280 for the housing proposal projects which were given to 98 beneficiaries in the district in parts, but not given to the respective beneficiaries, it was held for a period of 01 to 04 years in the Samurdhi bank accounts of Pudukudiruppu, Oddusudan, Udaiyarkattu without being used for the relevant purposes till the end of the year under review. | That the payments will be made immediately after receiving the approval of the relevant authorities | Appropriate steps should be taken to utilize the money in the Samurdhi Bank accounts for the relevant purposes. |
| (b) During the sample audit of the accounts of beneficiaries related to Samurdhi Livelihood Subsidy in the district, the amount of Rs.8,443,715 subsidy money credited to the accounts of 135 beneficiaries ranging from Rs.32,106 to Rs.175,749 remained idle in the Samurdhi Bank accounts without being utilized for the purpose of increasing livelihood. | That the details of the above beneficiaries have been obtained and the beneficiaries are being identified through the field officers and payments are being made. | Beneficiaries should be investigated and appropriate action should be taken to ensure that the subsistence payments are utilized for the respective purposes. |

3.2 Non-achievement of expected Outcomes

| Audit Observations | Comments of the Accounting Officer | Recommendations |
|--|---|--|
| (a) In the year 2019, according to the assessment value decided by the action committee of the Tunkukai Divisional Secretariat, a total of Rs. 3,268,790 tax due for 19 government lands was not collected from the last 01 to 05 years. Also, from the period before the year 2019, by not taking steps to mark those government lands, the tax revenues due from various parties who used those lands had been lost. | Some had paid the fees. Also, some have been notified by letters. That regarding the period before the year 2019 is being worked on | Appropriate measures should be taken to recover the arrears tax. |

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|--|---|--------|
| (b) The total tax fee of Rs.1,480,000 related to the 29 acres of government land given to a beneficiary on temporary lease basis in the year 2014 by the Tunkukai Divisional Secretary had not been collected till the end of the year under review. | Sent to the Commissioner General of Lands. That the steps will be taken to collect the due income immediately after receiving the instructions. | - do - |
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3.3 Management Weakness

| Audit Observations | Comments of the Accounting Officer | Recommendations |
|--|--|---|
| (a) 04 Samurdhi Development Officers who did not report to duty without prior notice and an employee who worked in Oddusudan Divisional Secretariat were also paid a total of Rs.712,675 as overpayment salary for the period they did not report to work. | Steps have been taken to recover the money through the Divisional Secretary. In case of failure, it has been informed that legal action will be taken. | Appropriate action should be taken to recover back salary and disciplinary action should be taken against the officers. |
| (b) It was observed that Rs. 2,788,300 was not given to the 154 beneficiaries who were given allowances for the disabled, kidney disease allowances, elderly allowances above 70 years and above 100 years of age by the Social Services Branch of the Karaithuraipattu Divisional Secretariat in the the years 2022 and 2023. | That the money is being taken and allowances are ongoing continuously. | Appropriate measures should be taken to pay the allowances due to the beneficiaries within the prescribed periods. |

4. Achievement of Sustainable Development Goals

| Audit Observation | Comment of the Accounting Officer | Recommendation |
|--|--|---|
| According to the Sustainable Development Act No. 19 of 2017, In order to achieve the sustainable development goals in the year 2030, the district secretary's office had not worked to prepare the goals to be achieved annually, the activities to be implemented to achieve those goals and the indicators to measure their progress, even after the passage of the act for 6 years. | Answers not submitted. | Appropriate measures should be taken to measure progress annually by identifying sustainable development goals and working to achieve them. |

5. Good Governance

5.1 Providing Services to the Public

| Audit Observation | Comment of the Accounting Officer | Recommendation |
|---|---|---|
| It was observed that the clients were facing various difficulties in identifying the places to get the relevant services due to the not displaying the location plan of the office premises in a proper manner at the main entry point and other entry points so that the centers and sections providing various services in the District Secretariat are easily identified to the public and such services can be availed. | That the steps will be taken to establish office location plan, front office as soon as possible. | Appropriate measures should be taken to display the plan of office location for the convenience of clients. |

6. Human Resource Management

| Audit Observations | Comments of the Accounting Officer | Recommendations |
|---|---|---|
| (a) It was observed that the post of Engineer in the District Secretariat and 03 Assistant Divisional Secretary posts in 03 Divisional Secretariats, 02 Accountant posts and 05 Administrative Officers staff vacancies are available from 01 year to 10 years. | After take over the appointments that will be made to fill vacancies. | Appropriate action should be taken to fill up the vacancies in a formal manner. |
| (b) Due to non-annual transfers for Technical Assistant Officers, 06 such officers had been working in the same place for a period of 05 to 09 years in the district, and even though transfer applications were called in the reviewed year, it was not implemented either. | A letter has been sent to the Ministry for approval to take further action on transfers of Technical Assistants. That transfers will be made as soon as approval is received. | Annual transfers should be made as per transfer policy. |
| (c) It was observed that the Accountant of the District Secretariat, who was serving as an acting accountant in the District Samurdhi Office from 19 July 2023, to the end of the year under review, had not received approval from the Public Service Commission to perform the acting duties. | That the steps have been taken to obtain approval. | Appropriate activities should be done to get the approval of the Public Service Commission. |

- (d) It was observed that an officer belonging to Sri Lanka Administrative Service - Grade I performing duties as Divisional Secretary of Welioya Divisional Secretariat had been given the opportunity to work at the same workplace without being transferred for more than 10 years.
- That the transfer was sent to the Ministry for approval but no action was taken.
- Activities related to annual transfers should be done according to the transfer system for Divisional Secretaries.