

Head 264 – Jaffna District Secretariat -2024

1. Financial Statements

1.1 Qualified Opinion

Head 264 - The audit of the financial statements of Jaffna District Secretariat for the year ended 31 December 2024 comprising the statement of financial position as at 31 December 2024 and the statement of financial performance for the year then ended and cash flow statement 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 Jaffna was issued to the Accounting Officer on 29 May 2025 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 2025 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 Jaffna District Secretariat as at 31 December 2024, and its financial performance and cash flows for the year then ended in accordance with the basis of preparation of the financial statements set out in Note 1.

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 Emphasis of matter - Basis of preparation of financial statements

The attention is drawn to Note 1 to the financial statements, which describes the basis of preparation of the financial statements. The financial statements have been prepared for the use of the Treasury and Parliament of the Jaffna District Secretariat in accordance with Government Financial Regulations 150 and 151 and Public Accounts Guideline No. 6/2024 dated 16 December 2024, as amended on 21 February 2025. Accordingly, these financial statements may not be suitable for other purposes. My report is intended only for the use of the Jaffna District Secretariat, the Treasury and the Parliament of Sri Lanka. My opinion on this matter is not modified.

1.4 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 Government Financial Regulations 150 and 151 and Public Accounts Guideline No. 6/2024 dated 16 December 2024 as amended on 21 February 2025 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.

1.5 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 District Secretariat's 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.

1.6 Comments of the Financial Statements

1.6.1 Accounting Deficiencies

(a) Capital Expenses

| | Audit Observation | Comments of the Accounting Officer | Recommendation |
|-----|--|--|--|
| (i) | The Nallur Divisional Secretariat had purchased 19 types of goods worth Rs.239,906, belonging 115 items, although they should have been accounted for under non-financial assets, the relevant items were accounted for under the recurring expenditure heading. | Due to the short useful life and low value of these items, they were accounted for under recurring expenditure headings. | The relevant adjustment should be made and the financial statements corrected. |

(b) Property, Plant and Equipment

| | Audit Observation | Comments of the Accounting Officer | Recommendation |
|------|---|---|---|
| (i) | The value of 14 misappropriated non-financial assets belonging to 03 Divisional Secretariats, amounting to Rs. 107,351, had not been removed from the Statement of Financial Position for the year under review, resulting in the value of the assets had been overstated by that amount. | The assets of 02 Divisional Secretariat offices have been corrected currently. Action is being taken to correct the assets of 01 Divisional Secretariat office. | Relevant adjustments should be made and the correct value of fixed assets should be shown in the financial statements. |
| (ii) | The value of 132 fixed assets belonging to the District Secretariat and 04 Divisional Secretariats was not assessed and stated in the accounts of the year under review , resulting in the full value of non-financial assets was not reflected in the Statement of Financial Position (ACA – P) for the year under review. | Although the Valuation Department has been informed, no action has been taken to assess it yet. Action will be taken to account for after receiving the assessed value. | Valuation work should be expedited and the correct value of fixed assets should be reflected in the financial statements. |

(c) Non-maintenance of Books and Registers

| | Audit Observation | Comments of the Accounting Officer | Recommendation |
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| (i) | Although the District Secretariat and Divisional Secretariat should be updated the electrical equipment register in accordance with Financial Regulation 454(2), this had not been done for more than 10 years. | The documents of the District Secretariat have been updated. Divisional Secretariats that have not been updated have been informed to do so. | Action should be taken against officers who have not updated their records and the government building electrical equipment records should be updated as stated in Financial Regulation 454(2). |
| (ii) | Although the District Secretariat and Divisional Secretariats should be updated the price call list as per guideline 5.2.1 of the Government Procurement Guidelines, this had not been done for more than 10 years. | - do - | Action should be taken against officers who have not updated their documents and they should be updated in accordance with Guideline 5.2.1 of the Government Procurement Guidelines. |
| (iii) | Although the attendance register should be maintained by the Secretary of the Procurement Committee and the Technical Evaluation Committee in accordance with guideline 2.11.2 of the Government Procurement Guidelines in the District Secretariat and Divisional Secretariats, steps had not been taken to maintain it for more than the past 10 years. | - do - | Action should be taken against officers who have not maintained records and the Secretary of the Committee should be maintained attendance records in accordance with Guideline 2.11.2 of the Government Procurement Guidelines. |

(d) Lack of Audit Evidence

| | Audit Observation | Comments of the Accounting Officer | Recommendation |
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| (i) | No steps had been taken to acquire the lands located in 03 Divisional Secretariats, and although the value of the lands had | Letters have been sent to the Survey Department and the relevant ministry | Steps should be taken to acquire land ownership in a formal manner. |

been recorded under fixed assets as Rs. 137,878,752, the necessary evidence had not been submitted to substantiate it. It was observed that buildings worth Rs. 254,917,386 had also been constructed on those lands.

regarding the lands, and necessary action will be taken after receiving replies.

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| <p>(ii) Since the annual revenue details of the fish farms in the Karainagar Divisional Secretariat were not submitted for audit, it was not possible to acknowledge or confirm the income.</p> | <p>A register containing details of revenue collection in fish farms is maintained and action will be taken to submit for audit.</p> | <p>Action should be taken against officers who have not submitted the details, and the evidence required for the audit should be submitted and substantiated as appropriate.</p> |
| <p>(iii) Although Rs. 4,931,213 had been paid to 157 landowners in a Grama Niladhari division of the Valikamam North Divisional Secretariat Division for the removal of bushes and shrubs from their lands, Work reports and quantity sheets had not been submitted to verify that the relevant work sections had been completed.</p> | <p>Although the relevant amount had been paid at the end of the year, due to issues in confirming ownership of the lands, the money has been released to the beneficiaries after gradually confirming ownership.</p> | <p>Action should be taken against the relevant parties for making payments without corroborating evidence and not acting in accordance with Financial Regulations Nos. 137, 138, 139 and 237(a)(i).</p> |

2. 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 recommendation in paragraph 1.6.1 (b)(ii) of this report on the financial statements for the previous year had not been implemented.

3. Financial Review

3.1 Revenue Management

| Audit Observation | Comments of the Accounting Officer | Recommendation |
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| <p>(a) In accordance with the Madakal Fisheries Regulations No. 11 of 1984 published in the Gazette No. 337/47 under Section 33 of the</p> | <p>Taxes have been collected from several people, and the fishing licenses of others</p> | <p>Action should be taken against officials who have not collected</p> |

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| | <p>Fisheries Ordinance, Government Lands Ordinance No. 08 of 1947 and the letter dated 26 January 2022 of the Assistant Secretary to the Northern Provincial Governor's Secretariat No. G/NPC/AQ/Land/Lease, although it was stated that an annual tax should be levied for pulling fish nets in the coastal area, no action had been taken to recover the tax amount of Rs. 6,498,300 due from 99 individuals in 05 Divisional Secretariats in the year 2024.</p> | have been cancelled. | arrears of revenue on time, and prompt steps should be taken to recover arrears as per agreements. |
| (b) | <p>In accordance with the Circular of the Commissioner General of Lands No. 96/05 dated 01 August 1996, although a period of 01 to 03 years had passed since the receipt of tax applications from 106 lessees of 05 Divisional Secretariats, in accordance with the annual tax collection, record maintenance and other processes, necessary steps had not been taken in this regard.</p> | <p>Land has been provided to the Vallipuram National Water Supply and Drainage Board on a long-term lease basis and the necessary documents to recover the relevant annual lease rent have been sent to the National Water Supply and Drainage Board.</p> | <p>Action should be taken against officers who have not acted on lease applications in a timely manner, and steps should be taken to collect the annual lease rent in accordance with the circular of the Commissioner General of Lands using an expedited process.</p> |
| (c) | <p>It was observed during the audit that although lands had been provided to 07 residents under the approval of the Ministry of Lands, the long-term rents due from them had not been collected for years 01 to 03.</p> | <p>The Divisional Secretary has informed lessees who obtained licenses from 2016 to 2025 to pay taxes to pay their taxes.</p> | <p>Action should be taken against officers who have not collected taxes on time and steps should be taken to promptly collect taxes as per the circular.</p> |

3.2 Expenditure Management

| | Audit Observation | Comments of the Accounting Officer | Recommendation |
|-----|---|--|--|
| (a) | <p>The savings from the basic allocation of 14 recurrent expenditure items ranged from 11 percent to 74 percent, with a total allocation of Rs. 29,982,000 had been transferred to other expenditure items.</p> | <p>Savings were made due to expenditure restrictions as per the circular, officers taking nopay leave, and reduced fuel and electricity costs.</p> | <p>Estimates should be made as accurately and realistically as possible, and full utilization of the funds should be made for the development of the area and the welfare of</p> |

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| | | the people through a systematic program. Action should be taken against officers who have not done so. |
| (b) | Provisions amounting to Rs. 88,691,620, ranging from 12 percent to 60 percent of the net provision for 07 capital expenditure items had been transferred to other expenditure items. | - do - |

3.3 Utilization of Provisions Provided by Other Ministries and Departments

| | Audit Observation | Comments of the Accounting Officer | Recommendation |
|-----|--|--|---|
| (a) | Out of the financial allocation of Rs.43,821,756 provided for recurrent expenditure items by 15 ministries and departments during the year under review, only Rs. 40,436,542 had been spent and this balance of Rs. 3,385,334 had been returned as provisions. It ranged from 6 percent to 100 percent. | Although the remaining allocation received from other ministries and departments for recurrent expenditure had been requested to be withdrawn during the relevant period, this had to be shown as a surplus due to failure to act accordingly. | A program should be formulated to systematically utilize the funds received to enhance development in the area, and action should be taken against officers who fail to do so. |
| (b) | Out of the financial allocation value of Rs.920,746,668 provided for capital expenditure items in the year under review by 03 ministries and departments, only Rs. 645,657,261 had been spent. The remaining allocation of Rs. 275,089,407 was returned. It was in the range of 09 percent to 30 percent. | The financial allocation provided by the Presidential Secretariat for development projects was a surplus due to the suspension of the relevant development projects as per the circular number PS/PIMD/07/01/II and dated 2024.10.28. | - do - |
| (c) | In accordance with the Ministry of Women's Affairs' letter No. WA/WB/EEW dated 03 September 2015, although it has been stated that the loan provided to widows and women-headed families in 6 Divisional Secretariats to improve their living standards should have a grace period of 3 months and the remaining amount should be recovered in | The outstanding amount has been fully recovered from several beneficiaries. Necessary steps have been taken to recover the outstanding loans of other beneficiaries. | Action should be taken against officers who did not monitor and follow up the project properly and did not collect the loans on time, and steps should be taken to recover the outstanding amounts accordingly. |

12 installments without interest, the outstanding loans totaling Rs. 263,000 had been remained from 26 beneficiaries ranging from 3 months to 11 months as of 31 December 2024,

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| <p>(d) The total loan amount of Rs. 2,692,420 provided under the Grama Shakthi Modern Technology - New Product Entrepreneurship Programme implemented in 03 Divisional Secretariats from 2018 to 2019 under financial provisions of the Presidential Secretariat to 143 beneficiaries in 12 Grama Niladhari divisions, action had not been taken to recover even after 5 years.</p> <p>(e) Although it is stated in the circular instructions that it is mandatory for a member who takes out a loan to have properly repaid the loan taken out from Samurdhi Bank Societies, loans totaling Rs. 16,960,000 had been outstanding for over a year for 68 members of 3 Samurdhi Community Finance Banks in 3 Divisional Secretariats.</p> <p>(f) Although it is stated that the mandatory savings deposit from Samurdhi beneficiaries can be released with the approval of the Divisional Secretary when the beneficiary reaches old age, 04 Samurdhi Community Finance Banks belonging to 03 Divisional Secretariat Divisions had not taken steps to release the total amount of Rs. 12,833,416 of compulsory savings deposits of 724 beneficiaries aged between 70 and 95 years.</p> | <p>- do -</p> <p>Although it is stated in the circular instructions that it is mandatory for a member who takes out a loan to have properly repaid the loan taken from Samurdhi Bank Societies, necessary steps have been taken to recover the loans of 68 members who had not repaid the loans properly, who had obtained loans from 3 Samurdhi Community Finance Banks in 3 Divisional Secretariats.</p> <p>The mandatory savings deposits of 724 beneficiaries aged 70 to 95 years will be released as per the beneficiaries' requests.</p> | <p>- do -</p> <p>Action should be taken against officials who have not taken steps to recover loans on time, and steps should be taken to promptly recover outstanding loans.</p> <p>The beneficiaries should be informed, their request letters should be obtained and the relevant funds should be released.</p> |
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3.4 Non-compliance to Laws, Rules and Regulations

| Reference to Laws, Rules and Regulations | Value | Non-compliance Rs. | Observation | Comment of the Accounting Officer | Recommendation |
|---|-------|--------------------|--|--|--|
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| (a) Letter of Secretary to the Ministry of Home Affairs, Provincial Councils and Local Government No. HAF/1/1/Duty/Vol –II dated 07 November 2019 | - | | 37 field officers working in 03 Divisional Secretariats had not submitted their monthly upcoming programs, departures and daily programs. | Warning letters have been sent to officials for not submitting future programs. It has been informed that future programs, departures and daily programs should be presented within the relevant period in the future. | Action should be taken against officers who have not acted in accordance with the circular instructions and a formal program should be developed to maintain compliance. |
| (b) Section 13;2 and 22:1:1 of Paragraph XLVIII of Establishment Code of Democratic Socialist Republic of Sri Lanka | - | | Although preliminary investigations into any misconduct must be completed within 2 months and a formal disciplinary investigation must be completed within 6 months, The disciplinary investigations of 23 officers working at the Jaffna District Secretariat, Divisional Secretariats and the Samurdhi Development Department had not been completed for a period of 11 to 132 months. | The Ministry of Public Administration has been informed regarding the disciplinary investigations of the relevant officers. | Investigations should be conducted and completed promptly in accordance with legal provisions. |

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| (c) | Section 8.9.1 (b) of the Procurement Guideline Code 2006 of the Democratic Socialist Republic of Sri Lanka | 84,601,443 | Although it was stated that agreements should be entered into when purchasing goods worth more than Rs. 500,000, agreements had not been entered into when purchasing 67 goods in 04 Divisional Secretariats. | Officers have been informed that this course of action must be followed. | Action should be taken according to the Section 8.9.1(b) of the Procurement Guidelines. |
| (d) | Public Administration Circular of the Secretary to the Ministry of Public Administration and Home Affairs No. 09/2009 dated 16 April 2009 | - | Although it is stated that all government officers should authenticate their entry and departure from their workplace through fingerprint machines, 56 officials from 03 Divisional Secretariats had not recorded their fingerprints on 210 occasions during the year under review. | Officials have been informed through internal standing orders that in the future, leave will be deducted from officers' personal leave for days when fingerprints are not recorded. | Appropriate action should be taken against officers who did not act in accordance with the circular, and steps should be taken to strengthen internal controls to prevent this situation. |
| (e) | Public Administration Circular No. 03/2020 dated 31 December 2020 | - | Although 21 officers who have been transferred to 03 Divisional Secretariats from other Divisional Secretariats have served for periods ranging from 20 months to 69 months, Details regarding widow/widower and orphan pension contributions had not been obtained from the offices where the employee previously | Details have now been obtained. A request has been made to provide the details of an officer from the office where he previously worked in accordance with Public Administration No. 18/2020, but no response has been received so far. | Personal files should be updated in accordance with the circular. |

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| | | | worked and filed in the personal file. |
| (f) | Section 4 of Paragraph xxiv of Establishment Code | 776,600 | <p>According to the reconciliation statement of the Government Officers' Advances 'B' Account for the year under review, necessary steps had not been taken to recover the outstanding loan balances from officers who had left office, retired and deceased as of 31 December 2024, with a period of 3 to 36 months.</p> <p>The Pensions Department has been informed to collect the outstanding loan balance of the relevant officers from the retirement gratuity money. The outstanding amount of an officer is collected from the guarantor in installments. Letters have been sent to recover the outstanding amount of another officer, and further action is being taken.</p> |

3.5 Deposit Balances

| | Audit Observation | Comments of the Accounting Officer | Recommendation |
|-----|--|--|---|
| (a) | The District Secretariat's security deposits and deposits payable to third parties totaling Rs. 491,149 had been held in deposit accounts for more than 4 years without taking action in accordance with Financial Regulation 571. | Details regarding the relevant project have been sent to the Ministry of Agriculture on 2024.07.02. The security deposit will be refunded after completion of the project. | Deposits should be settled in a proper manner in accordance with Financial Regulation 571. |
| (b) | The sum of Rs. 20,996,124 received by the District Secretariat for the Chunnakam Solid Waste Recycling Project had been held in the deposit account for years 03 to 07 without taking steps to utilize it for the relevant activities. | The deposit will be refunded after completed the Chunnakam solid waste recycling project. | The project should be completed in a proper manner and the deposits should be settled as scheduled. |

3.6 Fraudulent Transactions

| Audit Observation | Comments of the Accounting Officer | Recommendation |
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| (a) When releasing lands to beneficiaries, Rs.10,478,000 was paid under the 'Removal of bushes, Ruins and Shrubs - 2024' program, which involved 1440 hours of work in terms of machine hours. However, since it was confirmed during sample tests that the relevant hours of work had been incorrectly certified by the Divisional Secretariat's Technical Officer, Technical Assistant and Development Officers, it is not possible to be satisfied in the audit regarding the number of hours paid. | Officers from the office were also on duty along with the village level officer in the relevant area for this program and it has been confirmed that the relevant hours of work were worked on the relevant days, determined based on the size of the land, and discussed with the village level officer at that time. | Formal action should be taken against officers who submitted false certificates for payments. |
| (b) Under the provisions received from the Presidential Secretariat, an amount of Rs. 10,350,000 was provided to Grama Shakthi Community Societies in 12 Grama Seva Divisions to implement a revolving loan program under livelihood assistance, skill development and infrastructure facilities for the Grama Shakthi New Technology - New Product Grama Shakthi Entrepreneurship program implemented by the Thenmarachchi Divisional Secretariat during the period 2018 – 2019. Although of this, Rs. 8,158,613 received from the Grama Shakthi Community Societies established in 08 Grama Niladhari Divisions was provided for the implementation of loan programs, the relevant societies did not have details, documents and records regarding the purposes for which that money was used. This matter had not been monitored by the subject officer of the Divisional Secretariat or the chairmen of the community banks. | Since the documents, registers and details of the Grama Shakthi Societies were not available, there have been delays in obtaining and submitting them from the divisional officers. | According to the guidelines, the relevant accounting and financial investment purposes should be confirmed by documents and A formal investigation should be conducted and if there has been any misuse of the relevant funds, formal action should be taken against the relevant parties. |

4. Operating Review
4.1 Failure to Perform Duties

| | Audit Observation | Comments of the Accounting Officer | Recommendation |
|-----|---|---|--|
| (a) | 319 beneficiaries of the beneficiaries selected for welfare benefit payments in 2023 in 10 Divisional Secretariats had not been paid benefit payments for months 01 to 24. | Payments could not be made to Aswesuma beneficiaries due to an error in the software of the Welfare Benefits Board's. The Welfare Benefits Board has been informed in this regard, and further action will be taken according to their decision. | Arrangements should be made to promptly contact the relevant institutions and action should be taken to payment welfare benefits within the stipulated time. |
| (b) | In accordance with the circular of the Commissioner General of Lands No. 2023/01 dated 21 December 2023, although 28 licenses have been received to the Valikamam East Divisional Secretariat for the transfer of full ownership of government lands to land license holders and grant holders, they had been kept in the office for about 6 months without being issued to the beneficiaries. | The beneficiaries were informed that they should develop the land and settle down. Since they had not settled down, the distribution was delayed. | Action should be taken against officials who did not provide proper supervision and guidance and issue licenses, and steps should be taken to inform the beneficiaries and issue licenses in a proper manner. |
| (c) | In accordance the Presidential Secretariat letter No. PS/PMU/ALLOC/01 and dated 04 July, although an amount of Rs. 13.5 million had been released to the Jaffna Divisional Secretariat under the 2024 District Development Programme 2024 to provide sports goods and equipment worth Rs. 500,000 per club to 27 youth clubs, sports goods and equipment worth Rs. 3,000,000 had not been provided to 06 youth clubs. | The relevant youth clubs had submitted other proposals to the District Secretary by letter dated 01.08.2024. Accordingly, 21 youth clubs had been requested sports goods and equipment, while 6 other youth clubs had been requested non-sports goods. It could not be provided due to lack of relevant approval. | Action should be taken against officers who have not taken steps to properly educate youth societies and provide targeted benefits, a program should also be developed to utilize the funds with maximum efficiency for the desired objectives of the project. |

4.2 Failure to Achieve the Expected Outcome

| | Audit Observation | Comments of the Accounting Officer | Recommendation |
|-----|--|---|---|
| (a) | The building constructed by the Vadamarachchi North Divisional Secretariat under the Saubhagya Production Village Projects in the year 2021 for the Sinkanagar Jaggery Production Centre, which was implemented at a cost of Rs. 4,872,142, had not been used for the relevant purpose. Furthermore, it was observed that the desired objective had not been achieved by establishing a Grama Niladhari office in that building. | Action will be taken to fully implement the Project. | Formal steps should be taken against the officers who have not taken steps to success the project through proper supervision and follow-up procedures, and a program should be formulated to initiate the relevant project and achieve the desired objective. |
| (b) | Although the Vadamarachchi North Divisional Secretariat had been selected one Women's Development Society in each Grama Niladhari Division under the Gama Samaga Pilisandarak Program in 2022 and provided equipment worth Rs. 320,355 for the production of papadams, it was observed during the field inspection that the project had failed. | This project is currently being implemented. | - do - |
| (c) | Although the Mattuvil Economic Center building had been constructed in the year 2021 using financial allocations provided by two ministries in the year 2018 and 2020, at a cost of Rs.196,039,247, by the District Secretariat on land that was not acquired by the government, it had not been utilized so far. | This building has been handed over to the Ministry of Trade, Commerce, Food Security and Cooperative Development as per the circular, and further work is underway. | These projects should be opened and linked to relevant institutions to achieve the desired objective of providing benefits to the area. |
| (d) | Although the District Secretariat had been established the necessary buildings and machinery for the Neerveli Banana Chips Production Project in June 2020 and handed over to the Neerveli Banana Production and Marketing Cooperative Society, Those assets had been lying idle without proper maintenance for more than 4 years. A feasibility study had not been conducted for this project, which cost Rs. | This building was leased to one person in December 2024, and a small-scale food packaging industry has been started there. | A formal investigation should be conducted into the provision of machines that are not suitable for production without a formal study, formal steps should be taken against the relevant parties, and a program should be |

10,325,421. Since the cooperative society had stated that these machines were not in a suitable condition for the proposed production, the money spent on this had been a waste of money.

formulated to activate the project.

(e) The total amount of Rs. 72,375,806 provided to a Grama Shakthi Community Society for the implementation of revolving loan programs under the Grama Shakthi Modern Technology - New Products Grama Shakthi Entrepreneurship Programme implemented in 10 Divisional Secretariats during the period 2018 - 2019 under the financial provisions of the Presidential Secretariat had been held in the bank account for 03 to 72 months without being used for the relevant purpose.

Due to the crisis situation prevailing in the country, the collections were delayed. Later, the outstanding amount was recovered and loans were provided on a revolving basis.

Appropriate monitoring and regulation should be carried out, relevant projects should be initiated and steps should be taken to achieve the desired objective.

(f) Although projects had been initiated spending a total of Rs. 8,280,000, in 02 Divisional Secretariats under the Gama Samaga Pilisandara Program in 2022 and 02 Grama Seva Niladhari Divisions under the Decentralized Budget Program in 2024, the project had not been achieved the expected benefits due to not using it for the relevant purpose.

Sewing classes have been held for unemployed women in this building, thereby establishing a children's clothing production center. Furthermore, the products of women small entrepreneurs are also marketed here.

Action should be taken against officers who have not taken steps to achieve the desired objectives, and relevant projects should be initiated to achieve the desired objectives.

(g) Under the 2024 development projects, an allocation of Rs. 30,195,000 had been allocated to the Thenmaratchi Divisional Secretariat, although 52 items of 12 types of sports equipment had been provided to the Ramavil Youth Club at a cost of Rs. 30,191,206, it was not utilized by the Youth Club and was given to a school in the area.

All of those sports equipment have now been returned and handed over to the Ramavil Youth Club.

Action should be taken against officers who identify youth club that do not have the need to provide benefits, formal monitoring and follow-up should be carried out to achieve the desired objectives through the relevant projects.

(h) According to the letter No. WA/WB/EEW dated 03 September 2015 of the Secretary to the Ministry of Women's Affairs, the loan amount of Rs. 867,395 provided to improve the living standards of women in widowed families in 3 Divisional Secretariats of the district, which had been received with a

Officers have been informed to identify suitable beneficiaries in the future and take steps to provide loans promptly.

Action should be taken against the responsible officers who are not actively maintaining the business and initiate relevant projects to

grace period of 03 months and the remaining amount to be paid in 12 installments, had been held in a bank account for the past 09 to 17 months without being used for the relevant purpose.

achieve the desired objective.

4.3 Non-achievement of expected Output Level

| | Audit Observation | Comments of the Accounting Officer | Recommendation |
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| (a) | Although orders had been sent for the purchase of bee colonies as per the agreement entered into by the District Secretariats under the Bee Control Project, The contractor had not been provided bee colonies worth Rs. 196,710 during the relevant contract period. Arrangements had not been made to cash the performance bond worth Rs. 165,625 of the contractor who had not performed as per the agreement. | The bonds were returned after the project was completed. This project is a project under the Cooperative Sector. The District Secretary has sent a letter to the Chief Secretary of the Northern Province to implement it properly. | Development projects implemented to achieve the desired objectives should be carried out with strict supervision, and the relevant projects should be initiated and steps should be taken to achieve the desired objective. |

4.4 Abandoning Projects without Completing

| | Audit Observation | Comments of the Accounting Officer | Recommendation |
|-----|--|--|-----------------------|
| (a) | An agreement had been signed in 2018 for an amount of Rs. 56,640,750 with a private contractor for the construction of a milk processing factory in the Tirunelveli area and the purchase of necessary equipment for it. Accordingly, although the District Secretary had been paid a total of Rs. 4,911,486 for the work completed, this project had been abandoned due to the fact that the necessary major machinery had not been installed. However, due to non-compliance with the agreement, the District Secretary had not taken steps to cash the performance guarantee worth Rs. 4,822,238 and credit it to government revenue. | This project is a project under the Cooperative Sector. The District Secretary has sent a letter to the Chief Secretary of the Northern Province requesting that this be implemented properly. | - do - |

4.5 Delays in Project Implementation

| Audit Observation | Comments of the Accounting Officer | Recommendation |
|---|---|--|
| (a) Under the projects to provide free electricity connections to the homes of poor beneficiaries who have been displaced and resettled due to the war a total of Rs. 11,362,171 had been paid to the Electricity Board by the District Secretariat for 321 beneficiaries (new connections and transfers) selected from the Divisional Secretariat Divisions of the district in the year 2024. However, even though 8 months have passed, that task has not been completed. | The Electricity Board has announced that electricity connections will be provided to the beneficiaries promptly. | Necessary steps should be taken to ensure that officials who have not taken steps to provide benefits to the people from the relevant institutions through formal monitoring and follow-up, and that prompt intervention is carried out to ensure that the relevant tasks are completed. |
| (b) Although the construction work of 60 beneficiaries out of 498 beneficiaries from the housing schemes of Rs. 01 million and Rs. 0.6 million from 2016 to 2024 has not been fully completed by the Ministry of Resettlement, Housing and Urban Development, the total amount of Rs. 88,056,000 had been deposited in their bank accounts. | The beneficiaries have been informed to complete their work promptly without releasing the money. After completion, the entire amount will be released. | Steps should be taken against officers who released money for houses that were not fully constructed, and steps should be taken to release funds to beneficiaries as per the Ministry's guidelines, as per the progress of the construction and to complete the housing project expeditiously. |
| (c) Although the Agriculture Officer of the District Secretariat had prepared documents and obtained signatures from the beneficiaries stating that 27 bee colonies had been provided to 08 beneficiaries of the Thenmarachchi Divisional Secretariat, during the field inspection, the beneficiaries confirm that Rs. 67,230 in cash has been provided to those 08 beneficiaries in exchange for 27 bee colonies. | That the bee colonies available during the relevant period were obtained and released. | A formal investigation should be conducted, action should be taken against the officers who acted irregularly, and actions should be taken to act according to the agreements made with the contractor. |

4.6 Projects without Progress despite the Release of Money

| | Audit Observation | Comments of the Accounting Officer | Recommendation |
|-----|---|---|--|
| (a) | Although the District Secretariat had spent Rs. 75,323,600 and paid Rs. 65,955,381 to the contractor for the work related to the Sunnakam Fecal Waste Recycling Project implemented in 2019, the relevant project had not been fully completed. | The following decisions were taken for the remaining work of the Sunnakam Fecal Waste Recycling Project. A Memorandum of Understanding (MOU) should be signed between the Department of Local Government and the Water Supply and Drainage Board. Furthermore, the Department of Local Government has received the Draft Bidding Document for this project. Further work will be carried out accordingly. | The relevant responsible institutions should coordinate urgently and action should be taken to complete the project. |
| (b) | It was observed during the field inspection that only bee control equipment was available in the homes of 48 beneficiaries out of the 51 beneficiaries who received bee control equipment and bee colonies under the bee control project implemented in 6 Divisional Secretariat Divisions by the District Secretariat at a cost of Rs.1,656,250. It was observed that the desired objectives of the relevant projects were not achieved due to the lack of colonies in those beehives. | Due to natural environmental damage, bee swarms have moved to other locations, making it impossible for beneficiaries to capture them. Our officers have advised to contain the bee swarms. | Steps should be taken against the officers who have not directed the work to achieve the desired results from the project, and steps should be taken to achieve the project objectives through a formal program. |

4.7 Procurement

| | Audit Observation | Comments of the Accounting Officer | Recommendation |
|-----|---|---|--|
| (a) | Although in terms of the 2006 Procurement Guidelines 5.3.1(d) of the Democratic Socialist Republic of Sri Lanka, the approval of the Technical Evaluation Committee and the | In accordance with Procurement Guidelines 5.3.1(d), the Model Standard Bidding Documents approved by the National Procurement | Action should be taken against officers who have acted outside the procurement |

Procurement Committee is required for the draft Bidding Documents in procurement activities, the District Secretariat had not carried out procurement activities for projects worth Rs. 221,342,507 without obtaining the approval on 35 occasions.

Agency were used with minor modifications.

guidelines and actions should be taken in accordance with the procurement guidelines.

(b) In accordance with the 2006 Procurement Guidelines 6.3.6 of the Democratic Socialist Republic of Sri Lanka, the District Secretariat had not prepared the Format for Bid Opening Minutes in 07 procurement processes worth Rs. 32,029,278 and due to the fact that details of the discounts offered by 07 suppliers related to those procurements were not mentioned, discounts cannot be evaluated during Bid Evaluation and the transparency of the evaluation and selection of bids in the procurement process could not be confirmed.

The bid opening report had been prepared. When evaluating prices, the discount was not mentioned separately, but the value was stated after deducting the discount. Currently, note schedules are attached as per the relevant model and details of the discounts are mentioned therein.

A formal investigation should be conducted and if an irregularity has occurred, action should be taken against the relevant parties and the procurement guidelines should be followed.

(c) Rs. 5,029,838 had been spent on removing thickets, ruins and bushes without following the procurement process to release lands to 157 landowners in 05 Grama Seva Divisions belonging to the Valikamam North Divisional Secretariat Division.

Payments have been made based on the quantity of the owners' land, according to estimates by the District Secretariat.

Action should be taken against the relevant parties for not following the procurement process.

(d) Although the District Secretariat had conducted the procurement process for selecting suppliers under the Forest, Ruins and Weed Removal - 2024 program for release the government owned land to the owners and sent letters of assignment to three suppliers, the Valikamam North Divisional Secretary had been consolidated the work and signed contracts with only one supplier and paid Rs. 10,478,000. It was observed that this was contrary to the decision of the District Secretariat's Procurement Committee.

Since only S.K. Construction, out of the three selected suppliers, had the Excavator 70, 120, and Dozer machines required for clearing the bushes, the relevant work was assigned to him to complete it quickly and expedite the cultivation work.

Formal action should be taken against the relevant parties for violating the procurement process.

4.8 Assets Management

| Audit Observation | Comments of the Accounting Officer | Recommendation |
|---|---|--|
| (a) Action had not been taken to repair and utilize 34 assets of 02 Divisional Secretariats or to properly dispose of them and write off them from the books. | Actions have been taken to repair and use several assets. Regarding other assets, further action will be taken based on the report of the Board of Survey, which will be included in the General 47 Form of the Annual Board of Survey. | Repairable assets should be repaired and utilized, and unusable assets should be disposed of in a proper manner. |
| (b) No action had been taken for a period of 4 to 12 years to acquire the ownership of the lands used by 04 Divisional Secretariats. | Land acquisitions are underway. | The ownership of the lands being used should be secured through an expedited process. |

4.9 Security Deposit of the Government Officers

| Audit Observation | Comments of the Accounting Officer | Recommendation |
|---|---|--|
| In accordance with Financial Regulation 880 and the State Ministry of Home Affairs Circular No. 04/2022 and dated 16 March 2022, although it is stated that officers who are required to deposit securities, should deposit the securities within 03 months of assuming duty, it was observed that 6 officers of the Valikamam South Divisional Secretariat had not deposited their security money. | Several officers have deposited securities, and arrangements have been made to obtain security money from other officers. | Steps should be taken to obtain security deposit in accordance with circulars and financial regulations. |

4.10 Uneconomic Transactions

| Audit Observation | Comments of the Accounting Officer | Recommendation |
|---|---|---|
| (a) Although the District Secretary had called for bids, selected a qualified bidder and informed the Divisional Secretaries about the purchase of photocopy paper required for all | Since the workload on the projects increased, more photocopy paper was purchased. There was a slight change in price due to the | A formal investigation should be conducted to recover the overpaid funds from the |

| | | | |
|-----|---|---|---|
| | Divisional Secretariats in the district, photocopy machines had been purchased from 09 Divisional Secretariats by paying a total of Rs. 368,252 more than the prices quoted by the District Secretariat. | decrease in purchases. | responsible parties, and action should be taken to plan properly and spend them economically and efficiently. |
| (b) | Although the District Secretariat had been called for prices for toner, determined the prices and informed the relevant Divisional Secretariats of those prices, 84 toners had been purchased by 6 Divisional Secretariats by paying a total of Rs. 167,255 more than those prices. | As the workload on projects increased, more toner was purchased. There was a slight change in price due to the decrease in purchases. | - do - |

4.11 Management Inefficiencies

| | Audit Observation | Comments of the Accounting Officer | Recommendation |
|-----|---|--|---|
| (a) | No steps had been taken to obtain the personal files of 02 officers who were transferred to the Vadamarachi North Divisional Secretariat from the past 16 to 42 months. | Letters have been sent to the relevant departments to obtain personal files. | Action should be taken against the officers who have not taken timely steps to retrieve personal files and action should be taken promptly to retrieve personal files and update the files. |

5. Human Resource Management

| | Audit Observation | Comments of the Accounting Officer | Recommendation |
|-----|---|--|--|
| (a) | Although the approved staff of four grades in the District Secretariat and Divisional Secretariats as of 31 December 2024 was 2061, the actual staff strength was 2720, with 207 vacancies and 866 surplus staff at the end of the year under review. | Ministries have been informed about the vacancies. No action had been taken to fill it yet. Information Technology Officers, including redundant development officers, have been appointed from the Ministry. The 04 Grama Niladhari posts have been filled so far. The Ministry has been informed regarding the vacancies at the primary level. | A staff review should be conducted to fill only the necessary vacancies, and the action should be taken to discuss with the Ministry regarding surplus staff and assigned to the vacant positions. |