

Head 265 – Mannar District Secretariat - 2024

1. Financial Statements

1.1 Qualified Opinion

Head 265 - The audit of the financial statements of Mannar 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 Mannar was issued to the Accounting Officer on 30 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 25 June 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 Mannar 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 Mannar 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 Mannar 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 is 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 on the Financial Statements

1.6.1 Accounting Deficiencies

	Audit Observation	Comments of the Accounting Officer	Recommendation
(a)	Out of 05 generators belonging to the District Secretariat, one generator worth Rs.7,236,000 and one generator whose value was not identified were not shown as assets in the accounts, resulting in an understatement of the value of non-financial assets.	The necessary steps have been taken to register the generators.	The values should be assessed and shown in the accounts and the balance of non-financial assets should be corrected.
(b)	Although the total insurance amount of Rs. 4,950,000 had been recovered for a vehicle that was involved in an accident during the year under review, the value of the non-financial assets was overstated by that amount by not removing the book value of that vehicle from the accounts.	The total insurance amount of Rs.4,950,000 has been recovered from the accounts of the District Secretariat.	The value of that asset should be removed from the accounts in a formal manner and the non-financial asset balance should be corrected.
(c)	According to the board of survey reports of the District Secretariat, the value of non-financial assets was understated due to the fact that the value of 33 different capital assets had not been assessed and accounted for.	Steps have been taken to account for the relevant capital goods under asset accounts.	Action should be taken promptly to assess the value of non-financial assets and indicate them in the financial statements.

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 recommendations made by me on the paragraph 1.6(c) of the financial statements of the preceding year had not been implemented.

3. Financial Review

3.1 Expenses Management

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) The balance of the financial allocation related to 39 expenditure items of the District Secretariat during the year under review was Rs. 38,770,149. The balance ranged from 11 percent to 100 percent of the net provision.	Due to spending frugally, heavy rains at the end of the year, and the ongoing elections, it was not possible to spend.	Estimates should be prepared with a proper study of the need for provisions, and a plan should be made for the full utilization of the allocated provisions in the most efficient and effective manner.
(b) A total of Rs. 12,323,000 from 07 expenditure items of the District Secretariat had been transferred to other expenditure items. The net provision balance of these transferred expenditure items was Rs. 33,119,381, and that net provision balance ranged from 7 percent to 27 percent.	Due to spending frugally, heavy rains at the end of the year, and the ongoing elections, it was not possible to spend.	- do -

3.2 Incurring of Liabilities and Commitments

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) Although all liabilities should be disclosed as of 31 December 2024, liabilities of Rs. 1,482,101 were observed that were not included in the Treasury's Statement of Liabilities and Liabilities for the year under review.	Due to non-receipt of vouchers relating to the year under review, I have not taken steps to show them as liabilities in the financial statements. Furthermore, in accordance with Financial Regulation 115(2), payments have been made for the relevant vouchers for the financial year.	All liabilities and commitments at the end should be disclosed in the financial statements, and an internal process should be introduced to ensure this.

3.3 Utilization of Provisions made available by Other Ministries and Departments

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) According to the 2024 expenditure report, The remaining allocations provided for 65 recurrent expenditure items from 17 ministries and 12 departments were Rs. 11,700,983. That balance ranged from 10 percent to 80 percent of the net provision. Furthermore, the remaining allocations provided for 10 recurrent expenditure items by 02 ministries and 05 departments were Rs. 360,296, which was 100 percent of the net allocation.	The allocations provided by several ministries had been completely exhausted due to frugal spending and officers taking nopay leave and going abroad.	A program should be made to formally utilize the funds received to enhance development in the area, and action should be taken against officials who fail to do so.
(b) The balance of allocations provided by 09 ministries for 13 capital expenditure items during the year under review was Rs. 127,960,849. The balance had ranged from 10 percent to 100 percent of the net provision.	The balance was remained due to the fact that the entire allocation received from the ministries was received at the end of the year and the financial allocation was not spent.	- do -

3.4 Non-compliance to Laws, Rules and Regulations

(a)	Reference to Laws, Rules, Regulations, etc...	Value (Rs.)	Non-compliance	Comments of the Management	Recommendation
(a)	3.5 of the Procurement Guidelines 2006 of the Democratic Socialist Republic of Sri Lanka	805,120	Although the maximum limit for direct purchases for the District Secretary was shown as Rs. 200,000, direct purchases totaling Rs. 805,120 were made on 02 occasions.	That we will ensure that such mistakes do not occur in the future.	Action should be taken against any contravention of the procurement guidelines, and all purchases must comply with the procurement guidelines.

3.5 Issuing and Settling of Advances

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) Although there was an outstanding employee loan balance of Rs.282,150 due from 02 officers who had left their posts, no steps had been taken to recover it.	Steps are being taken to recover the outstanding employee distress loan balance of the officers M.S. Malis and Poondiraj Leena, who have left their posts, from the guarantors.	Steps should be taken to promptly collect outstanding loan balances.

3.6 Deposit Accounts Balances

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) Action had not been taken in accordance with Financial Regulation 571 regarding 21 deposits totaling Rs. 3,116,513, which were over 2 years old, namely 13 deposits at the District Secretariat and 08 deposits at the Musali Divisional Secretariat.	The relevant persons have been informed by letters to withdraw their deposits, and steps are being taken to release the amount.	Deposit balances should be settled in a proper manner in accordance with Financial Regulation 571.

4. Operating Review

4.1 Non-achievement of Expected Outcome

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) It was observed that although the Ministry of Agriculture had released Rs.2,577,068 to the District Secretariat for mushroom cultivation projects, Rs. 664,265 of that amount remained.	Although it was stated that 4 beneficiaries should be selected from one Divisional Secretariat Division and payments should be made to 20 beneficiaries, only 15 beneficiaries had been selected.	A plan should also be put in place to implement the project to maximize benefits.
(b) Although the Ministry of Urban Development and Housing Construction in the Manthai West Divisional Secretariat had been constructed and handed over 24 houses from 2016 to 2023, it was observed that the Rs. 19,600,000 spent by the government for those	All of these houses were used for resettlement after the war. The Manthai West Divisional Secretary has informed these homeowners through letters to settle in their homes.	Necessary steps should be taken to settle them in the relevant houses using a formal program.

houses had been wasted due to they were not occupied.

4.2 Projects abandoned without completing

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) Although a provision of Rs.2,428,300 was allocated for the bee control project, the allocation had been returned due to the project period ending on 31 December 2024, due to the district agriculture officers not carrying out the relevant feasibility study, awareness raising and identification activities efficiently.	Failure to obtain permits for purchase, onset of the rainy season, inability to obtain bee colonies. Furthermore, the project had to be abandoned due to the possibility of bees contracting infectious diseases during the rainy season.	Action should be taken against officers who did not provide proper supervision for the completion of the project, when preparing project proposals, a relevant feasibility study should be conducted, external institutions should be properly coordinated, and a program should be developed to fully utilize the funds received by the district.

4.3 Assets Management

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) Although the 10 motorcycles and 03 electricity generators owned by the District Secretariat and Divisional Secretariats have not been used for a long time, no steps had been taken to repair and utilize or dispose of it.	Arrangements will be made to utilize and auction it after repair.	Steps should be taken to conduct a formal inspection and make appropriate repairs to usable assets for utilize and to properly dispose of unusable items.

4.4 Damages and Losses

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) No action had been taken to recover the loss in respect of 02 vehicles that were involved an accidents during the year under review.	The insurance amount for the vehicle bearing number KQ-5417 has not yet been received from the insurance company. Furthermore, arrangements have been made to repair the vehicle PF-1937.	Work related to damages should be completed promptly in accordance with Financial Regulation 104.

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| (b) | Although a vehicle belonging to the Nanattan Divisional Secretariat was involved in an accident in 2023, In this regard, a full report on the loss had not yet been prepared in accordance with Financial Regulation 104(4). | The full report has been prepared. | Steps should be taken to take action against officers who did not act on losses and damages in a timely manner in accordance with financial regulations, and to expedite the relevant investigations. |
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4.5 Management Weaknesses

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) According to the board of survey report of the year under review, 417 items of 69 types of goods in 05 Divisional Secretariats had not been included in the inventory register.	Work has been done to correct it.	Action should be taken against officers who have not properly documented the goods and steps should be taken to document the relevant goods.
(b) As of the end of the year under review, the arrears of Rs.35,626,602 due from 472 members who had obtained Samurdhi Livelihood Revolving Loans had not been recovered.	The mediation board has taken steps to recover the loan.	Action should be taken against officers who have not taken steps to recover loans in a timely manner and steps should be taken to recover loans in accordance with the agreements.

5. Human Resource Management

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) By the end of the year under review, 98 employee vacancies and 02 employee surpluses were observed in the District Secretariat and Divisional Secretariats.	The relevant letters to fill the vacancies of Office Assistant and Driver have been sent to the Ministry of Home Affairs on 28.10.2024.	A staff review should be conducted and steps should be taken to fill only the necessary vacancies and to assign surplus staff to other institutions.