

Head 266 – Vavuniya District Secretariat - 2024

1. Financial Statements

1.1 Qualified Opinion

Head 266 - The audit of the financial statements of the Vavuniya 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 and cash flow statement for the year then ended was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act, No.19 of 2018. The summary report containing my comments and observations on the financial statements of the Vavuniya District Secretariat was issued to the Accounting Officer on 28 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 Vavuniya District Secretariat was issued to the Accounting Officer on 05 June

2025 in terms of Section 11(2) of the National Audit Act, No.19 of 2018. This report will be tabled in Parliament in pursuance of the Section 10 of the National Audit Act, No. 19 of 2018 to be read in conjunction with Article 154 (6) of the Constitution of the Democratic Socialist Republic of Sri Lanka.

In my opinion, except for the effects of the matters described in paragraph 1.6 of this report, the financial statements give a fair view of the financial position of the Vavuniya District Secretariat as at 31 December 2024, and its financial performance and cash flows and on all the materialities in accordance with the basis of preparation of the financial statements set out in Note 1 to the financial statements

1.2 Basis for Qualified Opinion

My opinion is qualified on the matters described in paragraph 1.6 of this report. I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

1.3 Emphasis of Matter – Basis for preparing Financial Statements

The attention is drawn to the Note 1 related to the Financial Statements which describes the basis of preparing these financial statements. The financial statements have been prepared as per the Financial Regulation 150, 151 and the State Accounts Guideline No. 06/2024 dated 16 December 2024 amended on 21 February 2025 for the requirement of the Vavuniya District Secretariat General Treasury and the Parliament. Consequently, these financial statements may not be suitable for other objectives. My report is only for the use of the Vavuniya District Secretariat, General Treasury and the Parliament of Sri Lanka. My opinion on this matter is not modified.

1.4 Responsibility of 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 fair view on all the materialities in accordance with the Financial Regulations 150 and 151 and the State Accounts Guideline No. 06/2024 dated 16 December 2024 amended on 21 February 2025 and for such internal control as Accounting Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

As per Sub-section 16(1) of the National Audit Act No. 19 of 2018, the Secretariat is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable annual and periodic financial statements to be prepared of the Secretariat.

As per Sub-section 38 (1) (c) of the National Audit Act, the Accounting Officer shall ensure that effective internal control system for the financial control of the Secretariat exists, 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 skepticism throughout the audit. I also

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my 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.
- Obtained an understanding of internal control relevant to the audit in order to design audit 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 the 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

(a) Non-revenue receipts

| Audit Observation | Comments of the Accounting Officer | Recommendation |
|---|---|---|
| The income from vehicle sales of Rs. 451,700 in the year under review was shown under operating activities instead of investing activities in the cash flow statement and the income from the sale of other inventory items of Rs. 275,927 had been shown under investing activities as Rs. 107,927, resulting in an overstatement of net cash flow from operating activities by Rs. 451,700 and an understatement of net cash flow from investing activities by Rs. 619,700. | In preparation of the financial statements, due to incorrect data entry, income of Rs.168,000 had been shown under income code 2003-99-00 and was collected under other income heads generated from operating activities in the financial statements and shown as income in the cash flow. Actions will be taken to enter data in a manner that such errors do not occur in the future. | The proceeds from the sale of assets should be shown under investing activities in the cash flow statement. |

(b) Capital Expenditure

| Audit Observation | Comments of the Accounting Officer | Recommendation |
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| It was observed that the purchase of an air conditioner and a computer for Rs.244,750 by the Vavuniya South Divisional Secretariat in the year under review had been accounted under the Capital Asset Repair and Maintenance Expenditure Head 266-1-1-0-2002 instead of the Capital Asset Purchase Expenditure Head 266-1-1-0-2103. | Necessary control measures will be implemented to prevent such mistakes from occurring in the future. | Purchases of fixed assets should be accounted under the acquisition of capital asset object and financial statement adjustments should be made accordingly. |

(c) Property, plant and equipment

| | Audit Observation | Comments of the Accounting Officer | Recommendation |
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| (i) | As the value of physical asset purchases in the year under review was Rs.20,211,668 as per the Financial Performance Statement and Rs.13,321,341 as per the Treasury Prints (SA-82), a discrepancy of Rs. 6,890,327 was observed. | A technical error has been identified in the inclusion of physical assets in the Treasury's CIGAS program. | Formal reconciliations should be made and actions should be taken to correct the differences between the Financial Performance Statement and Treasury prints. |
| (ii) | The value of vehicles worth Rs.12,600,000 of non-financial assets of the Vavuniya North Divisional Secretariat was understated and the value of machines and machineries was overstated by the relevant amounts by showing the value of vehicles and non-financial assets of the Vavuniya North Divisional Secretariat. Further, the value of the 2670 square feet building that was removed from the District Secretariat in 2022 had not been removed from the financial statements. | Actions have been taken to separate the relevant assets under the codes after obtaining the approval of the Treasury. | Assets should be classified under the relevant asset classes and appropriate adjustments should be made in the financial statements. Also, assets that have been disposed of should be adjusted in the financial statements. |

(d) Lack of audit evidence

| | Audit Observation | Comments of the Accounting Officer | Recommendation |
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| | The necessary written evidence to substantiate the value of 25 vehicles included in the financial statements as at 31 December of the year under review, amounting to Rs. 45,919,724, had not been submitted to the audit. | The value of the vehicles has been assessed and accounted and the relevant documents will be obtained from the archives and submitted promptly. | When including the value of assets in the financial statements, written reports on the basis of which the value is derived should be submitted to the audit. |

2. Report on Other Legal Requirements

The 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 mentioned in the paragraph 1.6.1 (c)(ii) of this report made by me on the financial statements of the preceding year had not been implemented.

3. Financial Review

3.1 Entered into Liabilities and Commitments

| Audit Observation | Comments of the Accounting Officer | Recommendation |
|---|---|---|
| (a) In violation of paragraph 3.3 of the Guidelines on the Preparation of Financial Statements of the Department of State Accounts No. 06/2024 dated 16 December 2024, Rs. 376,282 had been paid in 2025 for 05 undisclosed liabilities as at 31 December 2024. | Due to the fact that the electricity bill for the month of December related to the District Secretariat was not received before the closing date for inclusion of receipts in the CIGAS program and due to the lack of financial provisions for 02 other recurring objects, action was not taken to include it as a liability under the CIGAS program. Actions will be taken to receive the bills of the relevant month in future and make payments in the same month or to show it as liabilities and obligations. | Actions should be taken to avoid incurring obligations beyond the limits of the allocation. |

3.2 Utilization of funds provided by other ministries and departments

| Audit Observation | Comments of the Accounting Officer | Recommendation |
|---|---|--|
| (a) A total of Rs. 29,343,395 remained from the allocation provided for recurrent expenditure by 05 Ministries and 04 Departments in the year under review. It ranged from 20 to 41 per cent. | This amount remained due to the fact that the projects approved after the change of government and the change of government in the Budget Circular No. 01/2024 dated 10.01.2024 were not implemented and the road was blocked. Since steps were not taken to recover this amount from the relevant ministries, it | A programme should be prepared to fully spend the funds provided to achieve the desired objective for the development of the area. |

had been included in the financial statement.

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| (b) | The total allocations made for capital expenditure by 04 ministries during the year under review amounted to Rs.225,945,658 had not been spent. The balance ranged from 21 percent to 87 percent. | This amount remained due to the non-implementation of projects approved after the change of government and the budget circular No. 01/2024 dated 10.01.2024. Since no steps were taken to recover this amount from the relevant ministries, it had been included in the financial statement. | - Do - |
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3.3 Certifications to be carried out by Accounting Officer

| Audit Observation | Comments of the Accounting Officer | Recommendation |
|---|---|--|
| (a) According to the provisions of Section 38 of the National Audit Act No. 19 of 2018, the Chief Accounting Officer and the Accounting Officer should ensure that an effective internal control system is developed and maintained for the financial control of the District Secretariat and although the effectiveness of that system should be reviewed from time to time and necessary changes should be made accordingly to make the system effective, and those reviews should be made in writing and a copy should be submitted to the Auditor General, statements that such reviews were conducted had not been submitted to the audit. | I hereby inform you that an effective internal control system will be developed for financial control, review the effectiveness of that system from time to time and necessary changes will be made accordingly and actions will be taken to promptly prepare and implement an internal control system. | Actions should be taken in accordance with the provisions of Section 38 of the National Audit Act, No. 19 of 2018. |

3.4 Non-compliance with laws, rules and regulations

| Reference to laws, rules and regulations | Observation Value Rs. | Non-compliance | Comments of the Accounting Officer | Recommendation |
|--|-----------------------------|--|--|---|
| (a) | | | | |
| (i) Paragraph 01 of Chapter XIX (i) of the Establishments Code of the Democratic Socialist Republic of Sri Lanka | - | It was observed that 04 government quarters under the District Secretariat have been used for government office needs, even though there are officials on the waiting list to receive housing for residence. | All government quarters under the District Secretariat are suitable for residence. Government quarters will be provided under the approval of the Ministry, as per the requests of the relevant department, with the aim of reducing government expenses when no officials have settled and in cases where other government departments do not have the necessary building facilities to expand public services. | According to the Establishments Code, government quarters should be classified under the purpose of use and actions should be taken to use it for the relevant purpose. |
| (ii) Paragraph 6:1 of Chapter XIX | 395,200 | Although the lease period of the government house belonging to the Vavuniya District Secretariat, which was given to the | A case had been filed in the Magistrate's Court against the officer of the Terrorism Investigation Department to | Actions should be taken to reclaim the house and recover the arrears of rent in accordance with legal provisions. |

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| | | <p>Terrorism Investigation Department on 13 May 2011, had expired, any action had not been taken for more than 10 years to reclaim the house and recover the arrears of rent.</p> | <p>return the house and according to the verdict, orders had been issued to return the house after paying the outstanding rent.</p> | |
| (iii) Paragraph 7:2 of Chapter XIX | 386,606 | <p>Necessary actions had not been taken for the past 4 years to recover rent and fines from a staff officer of the Vavuniya District Secretariat who retired on 22 February 2021 while residing in a government house owned by the Vavuniya District Secretariat.</p> | <p>The Pensions Department has been informed to calculate the fines for the period of residence in a government house after the end of the lease period, deduct them from his arrears and recover the remaining amount from his pension.</p> | <p>Pension payments should be expedited and actions should be taken to recover outstanding taxes and fines.</p> |
| (b) Public Administration Circular No. 22/2006 dated 20 April 2007 | 244,283 | <p>Although a government house belonging to the Vavuniya District Secretariat had been provided to a former Member of Parliament on 9 September 2020, any steps had not been taken to recover the arrears of rent related to that house for the past 2 years.</p> | <p>Although letters had been sent regarding the arrears of rent, legal action has been taken against the Member of Parliament as the arrears have not been paid.</p> | <p>Legal proceedings should be carried out promptly and actions should be taken to recover the relevant outstanding rent.</p> |

4. Operational Review

4.1 Non- performances of Functions

| | Audit Observation | Comments of the Accounting Officer | Recommendation |
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| (a) | Although the Commissioner General of Lands' Circular No. 2008/04 dated 20 August 2008 on the regularization of land management was to provide land to landless persons residing in the Vavuniya District and engaged in agricultural activities and to provide formal licenses to persons who are currently eligible to acquire land but do not have legal rights, the Divisional Secretaries were supposed to conduct land kachcheris and resolve land-related disputes and although 9,713 applications had been received for land kachcheris in 100 Grama Niladhari Divisions in 04 Divisional Secretariat Divisions, any action had not been taken to conduct land kachcheris from year 01 to year 10. | I would like to inform that we will conduct a land Kachcheri soon and provide the lands to the public. | Land Kachcheris should be held in a formal manner within the existing legal framework and actions should be taken to resolve the land-related issues of the public. |
| (b) | The Divisional Secretaries of 04 Divisional Secretariat Division had not taken steps to issue 1,985 land licenses and 1,524 grant letters to the relevant persons, which had been prepared and signed between 1982 and 2022 but should have been issued to the public. | 07 licenses have been issued so far. Action will be taken to issue licenses and allowances to the relevant persons and actions will be taken to cancel licenses whose owners cannot be identified. | Actions should be taken to issue licenses and permits to the rightful owners and licenses whose owners cannot be identified should be revoked after a formal inspection. |

4.2 Not getting the expected benefits

| Audit Observation | Comments of the Accounting Officer | Recommendation |
|---|---|--|
| (a) Although the Vavuniya Economic Center building, which was constructed by the then Ministry of Rural Economic Affairs, currently under the Ministry of Commerce, Food Safety and Cooperative Development at a cost of Rs. 291.6 million, had been completed and handed over to the District Secretariat in 2018, it was not used for the purpose for which it was built until 31 December 2024 and it was observed that Rs. 14.3 million had been spent on security services and sanitation expenses and water bill charges from 2018 to 2024. | Although we have taken the necessary steps to open the Economic Center upon the Ministry's notification, the necessary approval has not yet been received. Security service expenses, cleaning service expenses and electricity charges are incurred to maintain the Economic Center. | Actions should be taken against the officials who failed to conduct a formal investigation and utilize the project for its intended purpose and the economic center should be opened promptly so that the public can benefit from the project. |

4.3 Abandoning projects without completing them

| Audit Observation | Comments of the Accounting Officer | Recommendation |
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| (a) The construction work of the Parannattagal Pre-School building in the Vavuniya Divisional Secretariat was to be completed on 06 December 2019. Although Rs. 1,551,712 had been spent on this project, it was observed that the expenditure incurred was a waste as it was not completed by 28 May 2025. | I would like to inform that this project could not be completed on the contracted date due to non-receipt of imprest within the relevant financial year. | Actions should be taken against the officials who have abandoned the project without conducting formal supervision and follow-up and complete the building's future work and use for the relevant purpose urgently. |

4.4 Projects that have not made progress despite the release of funds

| Audit Observation | Comments of the Accounting Officer | Recommendation |
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| (a) It was observed that Rs.1,396,000 had been deposited in their bank accounts and held irrecoverable in the housing schemes of Rs. 1 million and Rs. 0.6 million implemented by the Vavuniya North Divisional Secretariat in 2023 and 2024 from the provisions of the Ministry of Resettlement, Housing and Urban Development, while houses had not been fully constructed for 06 and 03 beneficiaries respectively. | The funds related to the housing project had been delayed due to various reasons and had not been completed within the relevant time frame. As the work is currently being carried out in phases, all the work will be completed and the funds will be released before 30.06.2025 | Actions should be taken against the officials who released funds for houses that had not been fully constructed and steps should be taken to release funds to the beneficiaries according to the construction progress as per the Ministry's guidelines and to complete the housing project expeditiously. |

4.5 Projects implemented from the local funds

| Audit Observation | Comments of the Accounting Officer | Recommendation |
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| (a) The renovation work of the Vavuniya Regional Office Building of the Department of Immigration and Emigration had been carried out by the District Secretariat under 06 contract agreements at a cost of Rs.23,075,278 between 14 November 2023 and 06 October 2024. The following observations were made regarding these work pieces. | | |
| (i) Although Rs. 300,000 was paid after incorrectly recommending that the relevant work for one contract was completed on 07 August 2024, the work had not been completed by 07 January 2025. | These deficiencies have now been completed and since this office needs to be opened immediately, the items from the previous office need to be removed and installed in the new office. The contractor has been promised to pay for the construction of the back fence | Actions should be taken to take action against officers who made payments by giving incorrect recommendations and to make payments only after the work is completed as per the |

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| | and the toilet outside the office from next year's allocation and the middle sections have been completed. Therefore, payments were made for this work without taking much risk. However, payments had not been made for the remaining parts of the work yet. | specifications mentioned in the Bill of Quantities (BOQ). | |
| (ii) | An over-payment of Rs. 91,612 had been made due to payments not being made in accordance with the rates stated in the Schedule of Rates book when making payments for the work items of one contract. | I would like to inform that there are shortcomings in your calculation above and for it to be calculated correctly, VAT should also be included. I would also like to inform that the Department can deduct overhead only when supervising and preparing bills. | A formal investigation should be conducted to recover the overpaid amount and action should be taken against those who gave incorrect recommendations. |
| (iii) | It was observed that 600mm*600mm size ceramic tiles were purchased as per the scope of work of the contract, and since the value of 600mm*600mm homogeneous tiles was used in the payment, an overpayment of Rs. 32,207 had occurred. | As we requested, there is no Schedule Rate for the tiles, therefore, the rate was analyzed and quoted. Further, I would like to inform that we did not request the use of Homogenous Corclain polished floor tiles. | - Do - |
| (iv) | It was observed that, as per item number 16 of one of the contracts, gypsum ceiling sheets were used instead of a super flex suspended ceiling. | Gypsum ceiling is more valuable than Supper Flex suspended ceiling. Therefore, I kindly inform that there has been no financial loss due to the above payments. | Construction should be carried out according to engineering estimates |

4.6 Asset Management

| | Audit Observation | Comments of the Accounting Officer | Recommendation |
|-----|---|--|---|
| (a) | Action had not been taken to utilize 05 vehicles owned by the Vavuniya District Secretariat and 02 Divisional | Since 05 vehicles are in an unusable condition, actions will be taken to dispose of | A formal inspection should be conducted and actions should be |

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| Secretariats for more than 12 years, starting from the previous 02 years. | them. | taken to dispose of unusable assets. |
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| (b) The District Secretariat has 03 government quarters in usable condition that have not been allocated for the residence of officials and since 02 other government quarters are in a usable condition after being renovated, actions have not been taken to utilize those houses for more than 04 to 06 years. It was also observed that there are 90 applicants on the waiting list waiting to receive houses. | Actions are taken to name 03 houses as listed and renovate and put 02 houses into use. | Actions should be taken to repair and utilize government quarters and to provide the currently usable houses to those who meet the qualifications on the waiting list. |
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4.7 Giving Security of the Public Officers

| Audit Observation | Comments of the Accounting Officer | Recommendation |
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| (a) As per the Circular No. 04/2022 dated 16 March 2022 of the Ministry of Public Administration, Provincial Councils and Local Government, 10 officers who were to be given security at the District Secretariat had not been given security. | Four officers of the Vavuniya North Divisional Secretariat have given security money and efforts are being made to obtain security from the remaining officers. | Actions should be taken to obtain security as per the circular. |

4.8 Management Weaknesses

| Audit Observation | Comments of the Accounting Officer | Recommendation |
|---|---|--|
| (a) Actions had not been taken for more than 2 to 5 years to recover arrears of rent of Rs. 309,068 from residents of government quarters belonging to the Vavuniya District Secretariat. | The relevant department has informed that the arrears of rent will be paid. The Registrar of 08 New In had taken actions to correct the arrears of rent and sent us a copy. Legal action has been initiated against the Member of Parliament. | Actions should be taken against parties who have not taken timely action to collect arrears and actions should be taken to collect the arrears promptly. |

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| (c) | The Vavuniya Divisional Secretariat had not taken action for more than 47 years, starting from year 01, to recover the total of Rs. 33,494,996 in tax installments and fines due for the long-term lease of government lands. | Legal actions are to be taken in accordance with the instructions of the Land Commissioner regarding arrears in rent. | Actions should be taken against officials who have not taken actions to collect outstanding taxes and fines and actions should be taken to promptly collect the tax dues and fines. |
| (d) | The Vavuniya North Divisional Secretariat and Vavuniya South Divisional Secretariat had not taken actions to collect the pensions of Rs. 201,440 that had been paid in excess to 02 pensioners for more than 23 months from the previous 11 months. | Of the overpayment to Mr. A.A.Mailvahanam, Rs. 15,000 was recovered from his daughter and the remaining amount was recovered from her monthly salary and the recovered overpayment has been remitted to the Pensions Department. The relatives have agreed to repay the overpayment to the other pensioner in installments and have paid Rs. 5,000. After the entire amount is recovered, it will be remitted to the Pensions Department. | If the officers are found responsible for the overpayments, a formal investigation should be conducted and appropriate actions should be taken and prompt action should be taken to recover the overpayments in accordance with the pension circular. |

5. Human Resource Management

| | Audit Observation | Comments of the Accounting Officer | Recommendation |
|-----|---|--|--|
| (a) | Actions had not been taken fill the 57 employee vacancies in the District Secretariat and Divisional Secretariats up to the end of the year under review. | The Ministry of Public Administration, Provincial Councils and Local Government are taking steps to fill the vacancies. However, actions have not been taken to fill the vacancies so far. | Actions should be taken to conduct a staff review and recruit essential staff. |