

Head 267 – Mullathivu District Secretariat -2024

1. Financial Statements

1.1 Qualified Opinion

Head 267 - The audit of the financial statements of Mullathivu 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 Mullathivu was issued to the Accounting Officer on 27 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 16 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 Mullathivu 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 Mullathivu 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 Mullathivu 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 of the Financial Statements

1.6.1 Accounting Deficiencies

Audit Observation	Comments of the Accounting Officers	Recommendation
(a) Although the value of 05 non-current asset items as of 31 December 2023 had been stated as Rs.792,328,720, they are shown as Rs. 809,160,653 in Form ACA - 6 (SA - 82) as the opening balance in the financial statements of the year under review, resulting that, a discrepancy of Rs.16,831,933 was observed.	Action will be taken to correct such shortcomings in the future.	Steps should be taken to make formal comparisons, make necessary adjustments to the financial statements, and disclose the adjustments made in the financial statements.
(b) According to the financial performance statement for the year under review, the value of capital asset purchases was Rs. 37,663,044, according to Treasury Form No. SA-82, it was stated as Rs. 26,163,044, a difference of Rs. 11,500,000 was observed.	This difference has arisen because the relevant values have been properly uploaded through CIGAS, but have not been included in the Treasury form (SA 82).	When preparing financial statements, they should be prepared based on accurate balances compared with treasury forms and relevant corrections should be made promptly.
(c) The capital expenditure of Rs. 1,279,956 which had been paid for the mounting frame for the solar energy generation system installed at the District Secretariat in the year under review had been accounted for as a recurring expenditure under the expenditure item of Building Construction and Maintenance.	Steps will be taken to avoid making such mistakes in the future.	Steps should be taken to account for expenses according to the correct classifications and to accurately reflect the asset balance.
(d) Although 03 capital projects worth Rs.5,087,191 were carried out during the year under review from the financial provisions provided by the Ministry of Public Administration and Home Affairs to the District Secretariat, should be accounted for as capital expenditure under Buildings and Constructions, it had been accounted for under recurring expenses for asset rehabilitation and improvement.	The amount allocated under the capital asset construction head was not sufficient to fully complete the building.	- Do -

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 financial statements of the preceding year had been implemented.

3. Financial Review

3.1 Certification of Accounting Officer

Audit Observation	Comments of the Accounting Officers	Audit Observation
(a) The Accounting Officer shall ensure that an effective internal control system is established and maintained for the financial control of the District Secretariat in accordance with the provisions of Section 38 of the National Audit Act No. 19 of 2018, The effectiveness of the system should be reviewed periodically and necessary changes should be made accordingly to ensure that the system is effective. Also, although those reviews should have been conducted in writing and a copy should have been submitted to the Auditor General, statements that such reviews had been conducted had not been submitted to the audit.	No answer has been given.	Action should be taken in accordance with Section 38 of the National Audit Act, No. 19 of 2018 and report to the audit.

3.2 Providing Advances and Settlement

Audit Observation	Comments of the Accounting Officers	Recommendation
(a) Rs. 11,609,125 or 56 percent from the total advance amount of Rs. 20,729,785 provided by the District Secretariat to 02 various service cooperative societies for the purchase of paddy in the year 2015 had not been settled so far.	Currently, Rs. 250,000 has been paid by the Vishwamadhu Farmers' Association on 30 April 2025, the balance due is Rs. 10,300,000, the balance due from the Panangamappattu Multi-purpose Cooperative Society is Rs. 1,309,125.	A formal investigation should be conducted and action should be taken against the officers who have not taken steps to collect the advance money on time, and necessary measures should be taken to promptly recover the advance money that is due.

4. Operating Review

4.1 Non-achievement of Expected Output Level

Audit Observation	Comments of the Accounting Officers	Recommendation
(a) During the year under review and 2021, Rs. 26,473,450 had been spent on 04 projects implemented in 04 Divisional Secretariat Divisions under the Saubhagya Production Villages Project, and it was observed that the desired objectives of those projects, namely promoting production through the creation of production villages, reducing unemployment, promoting local production and increasing national production have not been achieved.	No comments had been made.	Action should be taken against officers who have not conducted formal monitoring and follow-up to achieve the desired goals, and a program should be formulated to maximize the benefits from the projects and achieve the desired objectives within a specific time frame.

4.2 Abandoning Projects without Completing

Audit Observation	Comments of the Accounting Officers	Recommendation
(a) It was observed that 08 projects initiated by the Manthai East Divisional Secretariat in the year 2024 at a cost of Rs. 3,657,500 but it stopped midway remained incomplete and useless as of 31 December of the year under review.	04 industries were suspended due to political changes during the election period. The remaining 04 industries have stalled due to the negative impacts of the work environment and climate.	Action should be taken against officers who have not properly supervised development projects, and a feasibility study should be conducted before starting projects to effectively achieve the desired objectives from the projects.

5. Achievement of Sustainable Development Goals

Audit Observation	Comments of the Accounting Officers	Recommendation
(a) According to the Sustainable Development Act No. 19 of 2017, the District Secretariat had not been identified the targets to be achieved annually by the District Secretariat to achieve the Sustainable Development Goals by 2030, the measures to be implemented to achieve those targets, and the indicators to measure their progress.	Necessary steps will be taken in this regard in the future.	The necessary steps should be taken to identify sustainable development goals and achieve relevant progress.

6. Human Resource Management

Audit Observation	Comments of the Accounting Officers	Recommendation
(a) The approved staff of the District Secretariat and 06 Divisional Secretariats was 703 and the actual staff was 594 as of 31 December 2024. It was observed that there were 207 vacancies and 98 surplus staff on that day.	No answers were given.	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.