

## **Head 269 – Batticaloa District Secretariat - 2024**

### **1. Financial Statements**

#### **1.1 Qualified Opinion**

Head 269 - The audit of the financial statements of the Batticaloa 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 the provisions of the National Audit Act, No.19 of 2018. The summary report containing my comments and observations on the financial statements of the Batticaloa District Secretariat 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 Batticaloa District Secretariat was issued to the Accounting Officer on 29 May 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 Batticaloa 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 Batticaloa 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 Batticaloa District Secretariat, General Treasury and the Parliament of Sri Lanka. My opinion on this matter is not modified.

## **1.4 Responsibility of the Chief Accounting Officer 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 Regulation 150, 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-Financial Assets**

	<b>Audit Observation</b>	<b>Comments of the Accounting Officer</b>	<b>Recommendation</b>
(i)	As per the report submitted to the Comptroller General, the extent of lands identified in the District Secretariat and 14 Divisional Secretariats had been valued as 24 hectares and its value had been mentioned as Rs.559 million under the non-financial assets in the statement of financial position. (ACA-P) However, no action had been taken to acquire the ownership of the lands with a value of Rs.23 million belonging to 03 Divisional Secretariats for more than 05 years.	The land transfer activities of relevant 03 Divisional Secretariats are being carried out since previous 03 years.	The action should be immediately taken to transfer the ownership of the lands belonging to 03 divisional secretariats.
(ii)	In accordance with the information presented for the audit, the values in relation to 772 public utility buildings completely handed over after constructing in 678 Government lands and 94 private lands through various programs by the project organizations in the Government within 10 Divisional Secretariats in the district before 2015 and Government lands had not been assessed and included in the financial statements.	The relevant activities are being carried out to obtain the pertinent information and assess and mention in the formal accounts as per letter No. SA/GFS/01/01/General dated 05.02.2025 of the Department of State Accounts.	The ownership of the lands should be transferred, assessed and accounted and the buildings should be assessed and accounted.

## **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 recommendations mentioned in the paragraphs 1.6.1 (a) made by me on the financial statements of the preceding year had not been implemented.

### **3. Financial Review**

#### **3.1 Non-compliance with laws, rules and regulations**

Reference to laws, rules and regulations	Observation	Non-compliance	Comments of the Accounting Officer	Recommendation
(a) Section 05 of Chapter XIX of the Establishments Code of Democratic Socialist Republic of Sri Lanka and Public Administration Circular No.04/2016 dated 26 June 2016 issued by Ministry of Public Administration and Management		<p>The rent charged for the usage of the Government quarters should be 10 percent from the salary of that officer when husband and wife who serve in the public service live in the government quarters. If his spouse is a public officer, 2½ percent from salary of the spouse should be paid. However, the rent of 2½ percent from the salary of the officer's spouse who live in a government quarters had not been calculated and charged from January to December 2024.</p>	<p>It had been clearly inquired from the Ministry of Public Administration in relation to charge of 12.5 percent from the authorized officer and 2.5 percent from the spouse as per section 05 of Chapter XIX of the Establishments Code and the amendments made in sections 5.4 and 5.4.1 of Public Administration Circular No.4/2016.</p>	<p>The relevant action should be taken to charge the accurate Government quarters rent as per the Establishments Code and the circulars.</p>
(b) Public Administration Circular of Ministry of Public Administration and Home Affairs				
(i) Section 04 of Circular No.06/2008 dated 14 August 2008		<p>An amount of Rs.1,219,711 had been paid by the District Secretariat for purchase of 3,552 fuel liters in the year under review for the distance of 18,720 km travelled in the year 2024 without obtaining the approval of Secretary of relevant ministry in addition to monthly fuel allowance of 245 liters approved for the assigned vehicle to</p>	<p>The approval of the Secretary of the ministry should be obtained for getting additional fuel expenses. It had been informed that the relevant approval had not been received due to not following this process up to now and it is kindly informed that the above approval will be obtained in the future relevantly.</p>	<p>The step should be taken to recover the expense incurred for the fuel obtained without approval from the responsible officers.</p>

District Secretary as at 31 December 2024.

(ii) Circular No.21/2013 dated 07 October 2013 and Circular No. 15/2021 dated 07 August 2021

It was observed in the audit that the applications for holiday pay had been recommended without plans on what date the duty should be performed for holiday, what kind of duties to be performed, is such duty in addition to daily duties and how many days to be spent for that actually. It was observed that the internal control system is not properly implemented in relation to such applications and recommendations.

Presently, the approval application for holiday pay had been amended and paid attention on it. The approval is being granted.

An internal control system should be formally prepared in relation to request for holiday duty application and granting approval.

### 3.2 Irregular Transactions

	<b>Audit Observation</b>	<b>Comment of the Accounting Officer</b>	<b>Recommendation</b>
(a)	A fuel and transport allowance of Rs.476,530 had been paid to an Accountant served in the Department of Samurdhi Development, Batticaloa under Ministry of Women, Children Affairs for discharging duties full time as an acting appointment in the post of Chief Accountant in Batticaloa District Secretariat from 27 April 2023 to 05 October 2023. The above payments had been made without a performance verification submitted for confirming the evidences that the officer had performed the duties in the acting appointment (full time) and without an approval of the Secretary of ministry in accordance with the Public Administration Circulars No.05/2016 and 05/2016(1) dated 07 September 2016 and 09 March 2016 in relation to payment of fuel and monthly transport allowance instead of the assigned vehicles of Ministry of Public Administration and Management.	A letter had been sent to the ministry by requesting the adjustment approval for the payments made as per the request of relevant officer. In accordance with the instructions of the ministry, the future action will be taken.	The action should be taken to recover these unauthorized payments after inspecting in relation to the payments made not in compliance with the circulars and step should be taken against the relevant parties.

(b) The District Secretary had obtained 4,405 liters of additional fuel for the visits outside the district in the year 2024. However; only 3,146 fuel liters had been used for the visits outside the district within the year. Accordingly, 1,259 additional fuel liters with a value of Rs.407, 916 had been provided by the District Secretariat.

It had been inquired from the relevant officer in relation to payment of fuel provided additionally. Accordingly, the additional fuel amount will be calculated and relevant payment will be recovered.

The value related to the additional fuel amount should be calculated and the action should be taken to recover it.

(c) The payments had been made in 2023 and 2024 for 509 and 408 fuel liters respectively for the generator located in official residence of the District Secretary. These values are Rs. 185,530 and Rs.127,628 respectively. However, relevant documents had not been submitted to the audit for the verification the reliability of this fuel consumption.

It had been inquired from the relevant officers in relation to the fuel consumption given and the payment. Accordingly, the action will be taken to recover the payment from the relevant officer.

The documents and information requested by the audit for the verification the fuel utilization and the expenses incurred should be provided and a formal inquiry should be conducted. If a misuse had occurred, the formal measures should be taken.

(d) In accordance with the Chapter XXXII of the Establishments Code, 02 officers in Management Service Officers in Grade I in Korelaipattu Central and Korelaipattu Western Divisional Secretariats had been appointed and it had been paid an amount of Rs.455,079 and Rs.581,493 respectively for the period of service by calculating 25 percent from the initial salary of the acting appointment as the acting appointment from 28 September 2019 to 31 May 2023 and from 26 July 2018 to 02 June 2023 respectively. However, only an amount of 58,212 and Rs.76,904 had to be paid as per the section 12:5:2 of the Chapter VII of the Establishments Code in relation to the payment for these duties and the letter No. ADM/INTCur/2018/2019 issued on 16 August 2019 by Administration Division of District Secretariat with regard to the payment for acting appointment allowance. Accordingly, it was observed that an amount of Rs.396,867 and Rs.504,589 respectively had been overpaid for the acting appointments.

The officer had gone retirement while he was serving as acting Administrative Officer in Korelaipattu Western Divisional Secretariat and the overpayments provided are repaid monthly. Since the officer who served as acting Administrative Officer in Koralaiapattu Divisional Secretariat presently works in the Department of Inland Revenue, it had been informed to relevant department to recover it.

The allowance given contrary to the Establishments Code and the circular provisions should be recovered from such officer and the steps should be taken against the parties who had made such payments.

## 4. Operational Review

### 4.1 Non-achievement of the Expected Outcome

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) At the physical audit carried out in relation to 15 schools related to cricket training grounds and the cricket training pitches permitted for the construction under the provision of Rs.34,351 million by the Ministry of Sports and Youth Affairs by giving priority to selected new schools by Zonal Committee and 25 schools which are currently doing crickets for Cricket Development Program in Batticaloa District, it was observed that soil had been piled by 462.98 cubic meters less when reconciling the documents forwarded by the contractor, documents inspected by Technical Officer and Technical Assistant of District Secretariat and comparable direct calculations. Accordingly, an amount of Rs.1, 973,590 had been overpaid to the contractor by District Secretariat. Furthermore, though such activity should be completed before 20 December 2024 as per the extension of date of the contract, it had not been completely finished by 20 February 2025 which was the date of audit. The delay charges of Rs.719,700 had not been charged from the contractor for the delay period.	When bringing the gravels by the contractors as per the quantities mentioned in the Comparative Statement, it had been piled and laid gravels after taking hauling measurement. This work had been completed by the contractors and submitted the bills of quantities to us on 23.12.2024. Even though the work had been completed at the occasion of investigation it, it had been informed that there was no opportunity to charge the fine for that due to prevailing some maintenance activities.	After conducting formal inquiry the soil filling related to 25 playgrounds should be calculated and the overpayments should be recovered. The action should be taken against the relevant parties.

### 4.2 Procurements

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) The Chairman of “Jayanthipuram Rural Development Society” serves as an officer of Manmunai Northern Divisional Secretariat. He had signed the contract for 05 civil works with a value of Rs.9,583,832 for Batticaloa District Secretariat and Manmunai Northern Divisional Secretariat on behalf of “Jayanthipuram Rural Development Society” in 2024.	The consideration on the fact that Chairman of “Jayanthipuram Rural Development Society” serves as a Development Officer in the Divisional Secretariat had not been stated necessarily. Presently, the investigations are being carried out after appointing an investigation committee by us. The action will be taken as per the recommendations of relevant investigation report.	The investigation conducting should be expedited and the future action should be taken in relation to relevant officer.

<p>(b) A sum of Rs.78.6 million had been allocated to Koralaiappattu Northern Divisional Secretariat through District Development Program in 2024. As per the Guideline No.1.2.1 of the Procurement Guidelines 2006 of Democratic Socialist Republic of Sri Lanka, the Divisional Secretariat had awarded 18 works with a value of Rs.46.9 million to the community based organizations without selection of the contractors on the competition by providing fair and similar opportunities to the parties who are qualified for participation for the procurements. Moreover, it was observed in the audit that an amount of Rs.1, 564,652 had been paid for the additional work of the estimated activities due to the deficiencies in the estimates prepared by Technical Officer of Divisional Secretariat.</p> <p>(c) An amount of Rs.30 million out of Rs.61.54 million allocated in 2024 through District Development Program had been allocated to Koralaiappattu Southern Divisional Secretariat for the development of the playground. Twelve works with a value of Rs.25 million had been awarded to the community based organizations by Divisional Secretariat without adhering to the Procurement Guideline No.1.2.1 of the Procurement Guidelines of Democratic Socialist Republic of Sri Lanka. As a result, the available price alternatives and the opportunities to obtain economic benefits through competition were avoided.</p>	<p>Since it had to be completed the relevant projects within minimum period, the community based organizations had carried out the work with an objective of the completing task expeditiously.</p>	<p>The step should be taken to provide the contract enabling to obtain the maximum economic benefits to the Government through the competition as per the Procurement Guidelines.</p>
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### 4.3 Assets Management

#### 4.3.1 Non-financial Assets Utilization

Audit Observation	Comments of the Accounting Officer	Recommendation
<p>(a) It was observed in the audit that the annual revenue licenses for a tractor and water bowser belonging to Batticaloa District Secretariat and a tractor belonging to Koralaiappattu Northern Divisional Secretariat had not been obtained for a period 01 year to 07 years.</p>	<p>Since the tractor and the bowser mentioned in the inventory register of this Divisional Secretariat had been provided to pradeshiya Sabha for the usage of public, the action will be taken to utilize it after taking further action on it.</p>	<p>The revenue licenses should be obtained for the all vehicles in relation to the prescribed period and the steps should be taken against officers who had not taken action accordingly.</p>

(b) It was observed in the audit that a tractor with a value of Rs.600,000 and a tractor trailer with a value of Rs.50,000 belonging to Koralaiapattu Northern Wakarai Divisional Secretariat had been idle for a long time without usage.

Since the tractor and bowser mentioned in the inventory register of this Divisional Secretariat had been provided to Pradeshiya Sabha for the usage of public, the action will be taken to utilize it after taking further action on it.

All assets should be fully utilized in proper manner.

#### 4.4 Management Weaknesses

Audit Observation	Comments of the Accounting Officer	Recommendation
<p>(a) The goods with a value of Rs.5,942,156 had been provided to two volunteer organizations by Manmunai Northern Divisional Secretariat under decentralized budget program -2024. It had not been verified that these volunteer organizations which were registered in 2015 and 2022 are active organizations. The modern cameras and equipment with a value of Rs.2,125,200 had existed among the equipment provided and the necessity of these modern cameras and equipment had not been verified.</p>	<p>These two volunteer organizations had been registered in the District Secretariat and it had been verified by our observation that these two organizations had been closed in the relevant addresses. The step had been taken to obtain it back after examining the necessity and usage of the cameras provided presently. The necessary action had been taken to obtain the approval and the instructions of District Secretary for providing the goods obtained in this manner to the organizations demanded on necessity.</p>	<p>The step should be taken against the officers who had provided the goods to inactive organizations after carrying out a formal inquiry and if the cameras and equipment are not used as per the objective, the measures should be taken to take over.</p>
<p>(b) <b>Unsettled Deposits</b></p> <p>(i) An amount of Rs.9.6 million received for the acquisition of the land for Arayampathi public cemetery in Manmunaipattu Divisional Secretariat Division had not been utilized for the expected objectives and said money had been retained in the deposit account more than 05 years without taking necessary action for expediting the land acquisition process.</p>	<p>An amount of Rs.9.6 million provided for the land acquisition activities for relevant Arayampathi public cemetery had been credited to general deposit account and the approval for incurring expenses had been granted by department of Public Finance. Since a case had been filed in relation to that land, it can't be acquired and the relevant money had been deposited in the general deposit account.</p>	<p>The relevant activities should be expedited and the deposit money should be settled as per Financial Regulation.</p>

(ii) A deposit of Rs.26,355,774 exceeding 05 years had existed under contracted deposits in Batticaloa District Secretariat and the deposits with a value of Rs.9, 360,840 out of that had been retained in the deposit account more than 07 years. However, no measure had been taken by District Secretariat to pay relevant deposits or take government revenue as per Financial Regulation 571.

This is retention money to be paid to LINK institute which is the first contractor of the construction of the building of new District Secretariat. Since the arbitration is being taken against the relevant contractor, it couldn't be pay back the deposit money or take into revenue account.

The activities related to the deposits retained should be expedited and the measures should be taken for the deposits as per the Financial Regulations.

## 5. Good Governance

### 5.1 Audit and Management Committees

Audit Observation	Comment of the Accounting Officer	Recommendation
Even though the meetings of audit and management committee had been conducted in compliance with the provisions of 41 section of the National Audit Act No.19 of 2018, assessment of values of the lands and buildings of Divisional Secretariats, charge of the delay charges of the contracts, rectifications of the management inefficiencies pointed out by the audit reports and decisions taken at the meetings of Committee on Public Accounts in 2019 and implementation had been discussed in every committee meeting. It was observed that the issues had not been solved though more than 05 year had lapsed.	It had been informed to Secretary of Ministry of Public Administration, Home Affairs, Provincial Councils and Local Government to carry out the investigations as per Financial Regulations 104 in relation to delay charges of Rs.57 million with regard to the contracts discussed at the audit and management committee meetings. Since the arbitration had been taken against the relevant contractors, the instructions had been given by Secretary of ministry that the investigations can't be conducted against the relevant officer.	The speedy decisions should be taken in relation to the deficiencies and implemented those and the issues should be solved.

### 5.2 Systems and Controls

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) The authorized officers had written the cheques for the payment to the suppliers and the contractors as per Financial Regulations No.136, 137,138 and 139 without completion the goods, services and contract activities and not obtaining goods and services ordered within the stipulated period of time in the year under review and retained in the safe without making payments more than three months.	The payments are not made to the contractors without completion the relevant work. By giving the priority for the well-being of the people, the power given by the Financial Regulation is not used for the suppliers, contractors and service suppliers as compared. Furthermore, the instructions had been given to formally obey the power assigned under Financial Regulations	The measures should be taken against the officers who had acted contrary to the provisions of the Financial Regulations.

136,137,138 and 139 taking into consideration the matters pointed out by you.

## 6. Human Resource Management

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) The approved cadre is 1687 for the District Secretariat and the actual cadre is 2376. Accordingly, excess staff is 50 percent from the approved cadre or 841. There are 32 vacancies in the posts of staff grade and 120 vacancies in the posts of secondary and primary levels by 31 December 2024.	The cadre had been approved for our District Secretariat by the letter No. DMS/1205 dated 07.11.2017 of Director General of Department of Management Services.	The action should be taken to carry out a review on staff and only fill the essential vacancies and a formal program should be applied to balance the excess staff.
(b) Even though the approved cadre for various Development Officer posts is 667 in 14 Divisional Secretariats and the District Secretariat in Batticaloa District, an excess cadre of 833 serves in such Divisional Secretariats and the District Secretariat by 31 December 2024. Therefore, excess cadre was 125 per cent.	Subsequently, the cadre had not been approved for us in accordance with the appointments made to the Ministry and since Development Officer appointments had been continuously provided, we have excess employees than the approved cadre. The duties are performed by excess Development Officers in the Divisional Secretariats in which vacancies in Management Service Officers. Though the letters had been sent to the ministry for increase the number of approved Development Officers, no approval had been received so far related to that matter.	A systematic and expeditious program should be used for balancing the excess staff.