

## **Head 264 – District Secretariat, Jaffna**

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### **1. Financial Statements**

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#### **1.1 Qualified Opinion**

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The audit of the financial statement of the District Secretariat, Jaffna for the year ended 31 December 2019 comprising the statement of financial position as at 31 December 2019 and 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. In terms of Sub-section 11(1) of the National Audit Act, No.19 of 2018, the summary report including my comments and observations on the financial statements of the District Secretariat, Jaffna was issued to the Accounting Officer in 29 May 2020. In terms of Sub-section 11(2) of the National Audit Act, the Detailed Management Audit Report was issued on 17 July 2020 to the Accounting Officer. This report which should be read in conjunction with Article 154(6) of the Constitution of the Democratic Socialist Republic of Sri Lanka is submitted to Parliament in terms of 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 District Secretariat, Jaffna as at 31 December 2019, and of its financial performance and cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

#### **1.2 Basis for Qualified Opinion**

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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 Responsibility of the Chief Accounting Officer and the Accounting Officer for the Financial Statements**

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The Accounting Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with Generally Accepted Accounting Principles and in terms of Section 38 of the National Audit Act, No.19 of 2018 and for such internal control as the Accounting Officer determine 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 District Secretariat, Jaffna 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.

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 of the District Secretariat, Jaffna exists and carry out periodic reviews to monitor the effectiveness of such system and accordingly make any alterations as required for such systems to be effectively carried out.

## **1.4 Auditor's Responsibility for the Financial Statements**

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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, they could reasonably be expected to influence the economic decisions of users taken 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.
- In order to plan audit procedures that are appropriate in the circumstances, I don't express an opinion on the effectiveness of the District Secretariat's internal control.
- Obtain 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 District Secretariat's internal control.
- 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.
- Evaluate whether the transactions and events for the structure and content of the financial statements are included appropriately and in a manner that achieves fair presentation when preparing the overall financial statements.

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.

## **1.5 Report on Other Legal Requirements**

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As required by Section 6 (d) and Section 38 of the National Audit Act, No.19 of 2018, I state the followings:

- (a) The financial statements are consistent with the preceding year and the financial statements of the year under review had been submitted with the comparison of amounts of the preceding year.
- (b) Recommendations made by me on the financial statements of the preceding year had been implemented by the District Secretariat.

## 1.6 Comments on Financial Statements

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### 1.6.1 Submission of Accounts

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#### (a) Annual Financial Statements

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The following matters were observed in accounting recurrent expenditure which were shown in the statement of financial performance

Audit Observation	Comment of the Accounting Officer	Recommendation
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There were two projects in recurrent expenditure. However, it had been shown as object wise total expenditure of both projects in the financial statements, thus it could not be compared and checked with the computer print out of the Treasury.	Financial Reports had been prepared in terms of the Circular No. 271/2019 of 03 December 2019 of State Accounts Department of the Treasury. It will be rectified when any further instructions are given by the Treasury.	There were two projects, thus project wise expenditure details should be shown separately.

#### (b) Reconciliation Statement of the Advances to Public Officers Account

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The following observations are made on above matter.

Audit Observations	Comments of the Accounting Officer	Recommendations
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(i) According to the Reconciliation Statement of the Advances to Public Officers Account for the year under review submitted to audit, no meaningful actions had been taken to recover loan balances remained outstanding totalled Rs. 2.497 million due from officers who were vacated their post, retired and transferred to another ministries and	Loan balance of Rs. 1,703,664 due from officers who were transferred to Provincial Council had been rectified. Loan balance of Rs. 251,790 due from officers who were vacated their post are being recovered from their guarantors. Loan balance of Rs.	Proper actions should be taken to recover outstanding loan balances of public officers in terms of the Section 4 of the Chapter XXIV of the Establishment Code.

departments as at 31 December 2019 in terms of the Section 4 of the Chapter XXIV of the Establishment Code. 541,650 due from officers who had retired had been rectified.

(ii) No meaningful actions had been taken in respect of two years loan balances totalling Rs. 1,703,664 due from officers who were transferred to Provincial Council in terms of the Section 3.2.1 of the Circular No. 118 of 11 October 2004 of the National Budget Department. Loan balances of both officers had been rectified. Proper actions should be taken on time in terms of the Section 3.2.1 of the Circular No. 118 of 11 October 2004 of the National Budget Department

(iii) A proper mechanism had not been implemented in respect of determining limits of Advances to the Public Officers Account among District Secretariat and Divisional Secretariats in the year under review. Actions had been taken by us based on maximum limits and minimum limits of the Advances to Public Officers Account provided by the National Budget Department. Action should be taken to implement a proper mechanism in respect of determining limits of the Advances to Public Officers Account.

**(c) Properties, Plants and Equipment**

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The following matters were disclosed in accounting properties, plants and equipment

<b>Audit Observations</b>	<b>Comments of the Accounting Officer</b>	<b>Recommendations</b>
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(i) The value of a land belonging to the Divisional Secretariat, Vadamaradchy South West had been assessed as Rs. 35 million. However, such value had not been shown in the financial statements, thus the value of the non-current assets had been understated by Rs. 35 million.	According to the Letter No. JN/LE/476 of 03 January 2019 of the Valuation Department, assessment value is not confirmed and finalized and a case in respect of acquisition of such land had not been settled by the Court yet, thus the assessment value had not been entered in the accounts. Further, once verdicts are delivered in this regard, further actions will be taken by us.	Action should be taken to show the assessed values of the lands in the financial statements.

- (ii) A land of the Divisional Secretariat, Karainagar had been owned by private party. However, the value of such land amounting to Rs. 2 million had been shown under the non-current assets in the financial statements. Further, Even though an office building had been constructed at a cost of Rs. 58.14 million at this land, no any actions had been taken to obtain ownership of the land even up to 30 June 2020.
- The owner of the land could not be identified. Accordingly, a request letter had been sent to the Ministry of Public Administration and Home Affairs for the purpose of acquiring the above unclaimed land.
- Action should be taken to transfer the ownership of the private land to the government.

**(d) Failure to Maintain Registers and Books**  
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It was revealed in audit test checks that the following registers had not been maintained in the District Secretariat, Jaffna whilst some of registers had not been maintained properly and up-to-date. Details are as follows.

<b>Audit Observations</b> -----	<b>Comments of the Accounting Officer</b> -----	<b>Recommendations</b> -----
<p><b>(i) Register on Electricity Equipment</b> -----</p> <p>A Register on Electricity Equipment had not been maintained in terms of Financial Regulation 454(2).</p>	<p>The register is being maintained by us. However, details of some branches had not been updated. They had been rectified now.</p>	<p>The Register on all Electricity Equipment which kept in Government Buildings should be maintained as mentioned in Financial Regulation 454(2).</p>
<p><b>(ii) Vehicle Listing Register</b> -----</p> <p>A vehicle listing register had not been maintained in terms of Financial Regulation 1647 (e).</p>	<p>Action had been taken to enter the register updated manner which was mentioned by you.</p>	<p>A vehicle listing register should be maintained in terms of Financial Regulation 1647 (e).</p>

(e) **Non-compliances with Laws, Rules, and Regulations**

Analyses on the instances of non-compliance with the provisions of Laws, Rules, and Regulations observed in the audit test checks, are given below.

<b>Reference to Laws, Rules and Regulations</b>	<b>Observations</b>		<b>Comments of the Accounting Officer</b>	<b>Recommendations</b>
	<b>Value</b>	<b>Non-compliances</b>		
	<b>Rs. Millio n</b>			
<b>Financial Regulations of the Democratic Socialist Republic of Sri Lanka</b>				
(i) Financial Regulation 371(2)	1.18	An imprest advance had been given by the Divisional Secretariat, Vadamardchy South West to the approved societies before obtaining goods and services.	Advance had been paid in considering the financial shortage that existed in the approved societies and collaboration of societies through completing works which were obtained by them in prior periods in an efficient manner within the due period.	Action should be taken in terms of Financial Regulation 371(2).
(ii) Financial Regulation 571	7.67	No actions had been taken in respect of 26 retention money deposits even though a period of more than two years had lapsed.	Other deposits except 02 deposits out of 26 deposits had been rectified now.	Action should be taken in terms of Financial Regulation 571.

(iii) Financial Regulations 137 and 138	55.35	One hundred and fifty eight cheques had been drawn and kept under safe custody at District Secretariat and 14 Divisional Secretariats in the year 2019 before obtaining goods and services.	Action is being taken to obtain goods and services expeditiously.	The cheques should be drawn after receiving the goods and services in terms of Financial Regulations 137 and 138.
		Goods had not been obtained for these cheques which were already issued, up to 31 March 2020. Further, these cheques had been shown under the schedule of unrepresented cheques.		
(iv) Financial Regulation 113	2.08	Losses totalling Rs. 2.08 million had been shown in the financial statements for various reasons since the period ranging from 18 to 32 years without being taken necessary actions to rectify and clear such losses in the accounts in terms of Financial Regulation 113.	A request is being made by us to the Ministry to write off this amount continuously. Once we receive the approval, action will be taken by us for it.	Action should be taken in terms of Financial Regulation 113.
(v) Financial Regulation 94	1.30	Confirmations had not been obtained for the liabilities which were shown in the financial statements independently.	More attention will be paid by us in this regard in ensuing periods.	Action should be taken in terms of Financial Regulation 94.

**(f) Fraudulent Transactions**  
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Details of fraudulent transactions observed in the audit test checks, are given below.

<b>Audit Observation</b> -----	<b>Comment of the Accounting Officer</b> -----	<b>Recommendation</b> -----
A bill had been submitted for the stage III of the construction work of administration building which was constructed at the Divisional Secretariat, Karaveddy on 26 December 2019 and payment for such work including Value Added Tax (VAT) of Rs. 473,083 had been made on 28 February 2020. This VAT payment had been made when VAT number of the contractor was in inactive position.	Such Value Added Tax had been paid and rectified to the Department of Inland Revenue after audit observation.	In every instance of making payment of Value Added Tax, it should be confirmed about its active position.

**2 Financial Review**  
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**2.1 Imprest Management**  
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<b>Audit Observations</b> -----	<b>Comments of the Accounting Officer</b> -----	<b>Recommendations</b> -----
(a) Even though imprests totalling Rs. 10,415.56 million had been requested by the District Secretariat from the Treasury during the year under review, imprests totalling Rs. 8,590.99 million had only been released. Thus, the imprest issued had been reduced by Rs. 1,824.57 million during the year under review. As a result, provisions made by the Parliament could not be used as planned and projects of the District Secretariat which were planned could not be achieved at optimum level.	Imprests had not been released by the Treasury to us as per our request, thus the provisions made by the Parliament could not be used and the projects of the District Secretariat which was planned could not be achieved at optimum level.	Action should be taken to obtain imprests on time.
(b) Project works totalling Rs. 13.62 million and Rs. 1,806.77 million had been completed under 05 expenditure heads of recurrent expenditure in 05 instances and 08 expenditure heads of capital	Works had been completed as per allocations released by the ministries and departments. However, imprest therefor had not been received, thus	Action should be taken to obtain imprests before incurring expenditure.



expenditure in 11 instances respectively in respect of other ministries and departments in the year under review. However, payments therefor could not be made due to non-receiving imprest from the Treasury for the year under review.

## 2.2 Expenditure Management

The following observations were made on preparation of annual budget estimate, transfer of provision, provision receiving through supplementary estimate and utilization and savings.

Audit Observations	Comments of the Accounting Officer	Recommendations
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(a) There were savings totalling Rs. 7.92 million under 10 objects in an original provision of recurrent expenditure ranging from 6.25 per cent to 48.31 per cent whilst other 6 objects had been increased by same total amount ranging from 13.44 per cent to 46.15 per cent. It reflects that the estimate of the recurrent expenditure had been made without proper planning.	More attention will be paid in these matters in future and actions will be taken by us to maintain variance between budget and actual expenditure at minimum level.	Estimate of recurrent expenditure should be made with proper planning.
(b) Satisfactory reasons had not been presented for transferring savings which were incurred in 10 objects under an original provision of recurrent expenditure ranging from 6.25 per cent to 48.31 per cent.	Proper reasons in respect of transfer of provisions had been presented by us to the Secretary of the Ministry and an approval also had been granted by the Secretary of the Ministry due to satisfaction level on those reasons. Accordingly, details of transfer of provision had been included by us in the accounting reports	Estimate of recurrent expenditure should be made with proper planning. Fair reasons should be mentioned for saving.

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| (c) | According to National Budget Circular No. 5/2019 of 24 September 2019, 10 per cent of saving had not been made for capital expenditure in the year under review.  | 10 per cent of saving had been shown by us under expenditure head 264 of the District Secretariat as per circular. However, provisions except 10 per cent of saving out of provisions of other Ministries and Departments had only been released to us by the Ministries and Departments, thus 10 per cent of saving was not necessary to make by us under capital expenditure. | Saving as per circular should be made by the Accounting Officer through confirming that the capital expenditure is incurred as proportion of the ended period. |
| (d) | Out of six recurrent objects of the Divisional Secretariats, a total sum of 1.22 million had been shown as liabilities to be settled. However, a total sum of Rs. 0.03 million had only been shown as savings thereof for the year under review, thus excess expenditure of Rs. 1.19 million had been incurred. | Excess amount of provision on objects that were some important and challengeable to estimate had been allowed to make payment.<br><br>Excess amount of provision had been shown as liabilities by us due to increasing payments of these objects. It is informed you that more attention will be paid by us on these matters in ensuing periods.                                | Accounting Officer should confirm that there were provisions for the expenditure which was shown as unsettled liabilities.                                     |

**2.3 Utilization of Provisions made available by other Ministries and Departments**

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Provisions totalling Rs. 11,179.21 million had been made for the District Secretariat by 39 other Ministries and Departments for various activities and out of that provision, a sum of Rs. 8,969.33 million had been spent. Accordingly, a sum of Rs. 2,209.87 million or 14 per cent had not been utilized in the year under review.

## 2.4 Advance Payment and Settlement

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The audit observations revealed on advance payment and settlement are as follows.

<b>Audit Observation</b>	<b>Comment of the Accounting Officer</b>	<b>Recommendation</b>
----- It was observed that advances totalling Rs. 150,837 paid by the District Secretariat in 02 instances in the year under review had been settled with a delay for a period ranging from 01 month to 04 months.	----- Provision had been received from the ministry with a delay and advance had been received and used in a rotation basis continuously. Due to above reasons, it had been settled with a delay.	----- Actions should be taken in terms of Financial Regulation 371(2).

## 2.5 Deposit Balances

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The audit observations revealed on deposit balances are as follows.

<b>Audit Observations</b>	<b>Comments of the Accounting Officer</b>	<b>Recommendations</b>
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(a) Temporary deposits totalling Rs. 0.69 million to be refunded to third party is being kept in the deposit account for over 06 months without being refunded to respective persons.	At present, action had been taken to rectify others except deposits relating to land acquisition payment and its administration expenditure,	Action should be taken to refund said temporary deposit monies to respective persons within the due period.
(b) A total sum of Rs. 37.9 million received as an expenditure reimbursement is being kept in the deposit account for over 06 months without being taken respective actions.	At present, action had been taken to rectify others except deposits relating to land acquisition payment and its administration expenditure.	Such money had been debited to the expenditure account of respective ministries and departments. As such, they had been accounted as government expenditure. When the amount accounted as well had been remained in the deposit account, disciplinary action should be taken against the officer who is responsible for it in terms of Sections 8.1 and 8.2 of the Chapter XLVII of the Establishment Code.

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| (c) | Revenue balances belonging to Northern Provincial Council as at 31 December 2019 totalling Rs. 13.61 million had been kept in the deposit account without being remitted to respective ministries or departments | Imprest to be remitted to the Provincial Council by the end of December 2019 had not been remitted due to non-receiving imprest. It had been rectified now. | Action should be taken to remit revenue of northern province to respective departments within the due period. |
| (d) | No action had been taken in respect of 26 retention money deposits totalling Rs. 7.67 million even though 2 years had lapsed.  | Out of above 26 deposits, others except 02 deposits are being rectified now.  | Actions should be taken in terms of Financial Regulation 571.   |

### 3. Operating Review

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#### 3.1 Planning

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The observations revealed on planning in respect of action plan in terms of Public Finance Circular No. 2014/01 of 17 February 2014 and other planning is as follows.

#### **Audit Observation**

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An action plan for the year 2019 had been prepared. Accordingly, out of 5,259 “Gamperaliya” Projects to be executed by the District Secretariat and 15 Divisional Secretariats, 5,220 projects had only been completed during the year under review. Provisions totalling Rs. 2,711.25 million had been given to the District Secretariat for these projects and Out of those provisions, a total sum of Rs. 2,627.29 million had been utilized and there were savings of Rs. 83.96 million out of provision which was provided.

#### **Comment of the Accounting Officer**

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Provisions had been received by the end of the year, thus there were no adequate time period to implement work schemes properly as per tender procedures. Therefore, provisions had been returned to the ministry.

#### **Recommendation**

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Actions should be taken in terms of Public Finance Circular No. 2014/01 of 17 February 2014.

### 3.2 Failure to achieve the Expected Outcomes

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<b>Audit Observations</b> -----	<b>Comments of the Accounting Officer</b> -----	<b>Recommendations</b> -----
(a) Two machineries and equipment such as colour sorter machine and automatic packing machine valued at Rs. 3,190,100 and Rs. 8,741,380 respectively purchased for rice mill renovation project of Multi-Purpose Cooperative Society, Uduppiddy in the area of Divisional Secretariat, Vadamaradchy South West under establishing 50 small industrial workshops scheme with the financial aid of the Ministry of Resettlement and Northern Development had been issued for the utilization of beneficiary inappropriately, thus expected outcomes thereof had not been achieved.	Supply Institution had been requested to repair and supply both machineries based on discussions held with the higher level representatives of the Cooperative Society and above request had been accepted by them. However, there is being delay in implementation by the Institution, thus action is being taken to credit the payment to be made, to the government revenue without being settled.	Actions should be taken to fulfill the projects successfully by doing proper plan and technology survey before implementing them. In the instance of supplying machineries inappropriately, they should be returned and obtained appropriately.
(b) Machinery and equipment valued at Rs. 6 million under establishing 50 small industrial workshops scheme with the financial aid of the Ministry of Resettlement and Northern Development as per budget of the year 2018 had been issued to the Indigenous Medicine Production, Sales and Medical Service Centre, Pandatharippu for the production inappropriately, thus it had remained as idle.	Machinery and equipment mentioned by you had been issued by the said institution by obtaining from a foreign country. There were some differences between specifications given by us and efficiency of machineries which were obtained. Due to that, cheques had not been issued by us.	Actions should be taken to fulfill the projects successfully by doing proper planning and technology survey before implementing them. In the instance of supplying machineries inappropriately, they should be returned and obtained appropriately.
(c) A building had been constructed at a cost of Rs. 1,980,000 for Aalankandy playground at J/46, Karainagar North in the area of Divisional Secretariat, Karainagar under Rural Infrastructure Development Project (RIDP) and	This playground could not be used for certain periods due to prevailing abnormal situation of health hazards in the country at present. It is being used by the Ilancholai Sports Club now.	Respective actions should be taken to use unutilized assets as usable manner.

Regional and Rapid Rural Development Project (RRDP). However, works of playground had not been completed, thus playground building had not been used by the beneficiaries up to date.

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| (d) | Building and equipment constructed at a cost of Rs. 13.75 million as per scheme made on 11 July 2019 under SMART Sri Lanka Project for the purpose of providing training to the persons who search employment by the District Secretariat, Jaffna had not been utilized for intended purpose up to now. | Building could not be used for intended purpose due to further instructions in respect of this project and non-receiving provisions.  | Respective actions should be taken to use unutilized assets as usable manner. |
| (e) | A building had been constructed at a cost of Rs. 970,000 for Nelliady Community Centre (NCC) Sports Club at J/376, Nelliady Grama Niladhari Division under Rapid Rural Development Project (RRDP) 2019. However, it had not been used by the beneficiaries up to date.                                  | Entire financial provision for the building had not been received. But it had been received partially. In the instance of receiving additional financial provisions, it will be completed totally and used for intended purposes. | Respective actions should be taken to use unutilized assets as usable manner. |

### 3.3 Delays in execution of Projects

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The following observations are made.

<b>Audit Observations</b>	<b>Comments of the Accounting Officer</b>	<b>Recommendations</b>
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(a) Machineries and equipment valued totalling Rs. 12,116,860 purchased for rice mill renovation project of Multi-Purpose Cooperative Society, Uduppiddy in the division of Vadamradchy South West Divisional Secretariat under establishing 50 small industrial workshops scheme with the financial aid of the Ministry of	Machineries and equipment for the project had been imported and issued by the said institution from a foreign country, thus delay had been occurred due to that import procedures.	The time period should be mentioned clearly for supplying and completing the goods when issuing purchasing orders to the suppliers. Penalties should be recovered for it when delay is occurred.

Resettlement and Northern Development had been issued only on 27 June 2019 after delay of 3 months period.

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| (b) | Cultural hall constructed at a cost of Rs. 21.87 million in the division of Valikamam South West Divisional Secretariat should have been completed on 31 December 2017. However, it had been completed after a delay of 6 months period. Further, the penalty for the delay of Rs. 247,380 had not been recovered as per Paragraph No. 6.4 of the contract agreement.                               | At present, penalty had been recovered.  | More attention should be paid to complete work schemes on time and action should be taken to recover penalty for the delay.  |
| (c) | Construction of Cultural Centre valued at Rs. 16.78 million in the division of Vadamaradchy East Divisional Secretariat should be completed on 31 March 2018. However, it had been completed on 26 December 2018 after a delay of 9 months period. Further, the penalty for the delay of Rs. 251,770 had not been recovered as per Paragraph No. 6.4 of the contract agreement.                     | At present, penalty had been recovered.  | More attention should be paid to complete work schemes on time and action should be taken to recover penalty for the delay.  |
| (d) | Machineries valued totalling Rs. 6,757,745 had been issued for manufacturing fruit juice to Fruit Manufacturer Sales Cooperative Society in the division of Thenmaradchy Divisional Secretariat under establishing 50 small industrial workshops scheme with the financial aid of the Ministry of Resettlement and Northern Development only on 25 December 2019 after a delay of 11 months period. | Machineries and equipment for the project had been imported and supplied by the said institution from a foreign country, thus delay had been occurred due to that import procedures. However, action had been taken to credit the final payment to be paid to that institution, to the government revenue without being settled due to failure to issue by said institution on time. | These types of shortcomings can be rectified by doing proper plan and technology survey through finding out the necessity of the manufacturer properly before implementing projects. |

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| (e) | Even though a total sum of Rs. 8.32 million had been spent in respect of building construction of Power Loom Centre and purchase of machinery for the project in J/225, Kollankaladdy Grama Niladhari Division of the Valikamam North Divisional Secretariat, they had not been used for intended purpose up to now. | Some shortcomings incurred on building works had been pointed out to the contractor. However, there was a delay in rectifying the shortcomings by him. It will be operated with the personnel trained by the Department of Labour, Northern Province. | These types of shortcomings can be rectified by doing proper plan and technology survey through finding out the necessity of the manufacturer properly before implementing projects. |
| (f) | Even though construction of paddy store carried out in the division of Chavakachchery District Secretariat should be completed on 02 October 2018, it had been completed only on 08 August 2019 with a delay of 09 months period.  | It could not be completed on time due to delay incurred in receiving raw materials for the building work and climate changes incurred at the end of the year. At present, it had been rectified.  | More attention should be paid in completing building contract works on time.   |

### 3.4 Procurements

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Audit observations revealed in this regard are as follows.

<b>Audit Observations</b>	<b>Comments of the Accounting Officer</b>	<b>Recommendations</b>
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(a)	A provision of Rs. 76.8 million had been made to the District Secretariat for obtaining supplies and services by procurement procedure during the year under review and out of that, a sum of Rs. 65 million had been utilized. Observations on procurement plan to be prepared in respect of provisions made are given below.	Summary of procurement package and preliminary procurement plan are being maintained since the year 2018 based on your instructions and guidance. Accounting officer should confirm that the documents are prepared as per procurement guideline.

#### **Procurement Plans and Preliminary Stage**

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The following projects and documents had not been prepared under this stage.

- (i) Main Procurement Plan



- (ii) Summary of procurement package
- (iii) Preliminary Procurement Plan
- (iv) Needed documents to obtain special approval relating with identified procurement
- (v) Development of recommendation, planning, portfolio and constructions, etc.

(b) **Pre stage of Contract**  
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The observations on documents and projects to be prepared under this stage are as follows.

- (i) Every contract group and sub tables of procurement period (T.P.P)
- (ii) Details procurement plan relevant works, material and service
- (iii) Details procurement plan to consultancy service

Projects had not been prepared as stated above.

Even though all documents are prepared by us in every pre stage of procurement, requirements and instances had not been occurred for preparing some documents, thus they had not been prepared. However, action had been taken by us to maintain them since the year 2018.

Action should be taken to prepare and attach the documents in terms of the Procurement Guideline.

(c) **Post stage of Contract (Contract administration)**  
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Plans in respect of the following documents and projects to be prepared under this stage had not been prepared

- (i) Contact administration plan (C.A)
- (ii) Cash flow plan along with contract administration plan

Even though all related documents are prepared for making payment by us in every post stage of procurement, requirements and instances had not been occurred for preparing some documents, thus they had not been prepared. However, Action had been taken by us to maintain them since the year 2018.

Action should be taken to prepare and attach the documents in terms of the Procurement Guideline.

### 3.5 Assets Management

The following observations were made in this regard.

Audit Observation					Comment of the Accounting Officer	Recommendation
Non-current assets had been underutilized without being utilized. Details are as follows.						
	Category of Asset	No of units	Amount	Underutilized Period		
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	-		Rs. Million	Years		
(a)	Buildings	02	14.72	1	Above mentioned motorcycles had been owned by the Provincial Council. Actions had been taken by the District Secretariat to transfer the ownership of them.	Action should be taken in respect of idle and underutilized assets in terms of Public Finance Circular Nos. 353, 438 and 353(5) of 30 September 1997, 13 November 2009 and 03 January 2003 respectively and Financial Regulation 771.
(b)	Motor Cycles	11	8.69	3 – 9		
(c)	Plants and Machineri	06	1.24	3 – 5		
(d)	Office Equipment and Furniture	150	0.44	3		
					Six boats had been handed over to the Velanai Pradeshiya Sabha.	
					One hundred and fifty life jackets had been underutilized. At present, it had been handed over to the Velanai Pradeshiya Sabha.	

### 3.6 Management Weaknesses

Audit observations revealed in this regard are as follows.

Audit Observation	Comment of the Accounting Officer	Recommendation
Even though a sum of Rs. 207,000 has been spent for annual maintenance service of the lift constructed at a cost of Rs. 4.56 million at the new	Actions are being taken to repair.	Action should be taken to obtain an efficient service from the service supplier as per

administration building complex of the District Secretariat, maintenance service had not been carried out as mentioned in the maintenance service contract, thus it had often been repaired and remained as idle for a period of 3 months continuously. No meaningful actions had been taken to repair it by the District Secretariat up to now.

condition of the maintenance contract.

### 3.7 Security deposit of Public Officers

Audit observations revealed on above matter are as follows.

<b>Audit Observation</b>	<b>Comment of the Accounting Officer</b>	<b>Recommendation</b>
<p>Security had not been given by 04 officers of 03 Divisional Secretariats who are required to give security as per provisions stated in the Financial Regulation 880 in the year under review, thus District Secretary had failed to implement preliminary activities in order to recover losses which is possible to incur by their mistakes.</p>	<p>At present, actions are being taken to rectify the issues identified by you.</p>	<p>Security should be obtained as per provisions stated in the Financial Regulation 880.</p>

### 3.8 Losses and Damages

Audit observations revealed on above matter are as follows.

<b>Audit Observations</b>	<b>Comments of the Accounting Officer</b>	<b>Recommendations</b>
<p>(a) Losses totalling Rs. 2.08 million had been shown in the financial statements since a period ranging from 18 years to 32 years due to various reasons without being taken necessary action to rectify and clear in the accounts in terms of Financial Regulation 113.</p>	<p>District Secretary had been given permission to write off loss amount which is less than Rs. 250,000 in terms of the Letter No. HA/F/01/CIRCULARS/Gen of 02.04.2019 of the Ministry of Home Affairs. Accordingly, sums of Rs. 116,634 and Rs. 209,945 of Divisional Secretariat, Nallur and</p>	<p>Necessary action should be taken to rectify and clear in the accounts in terms of Financial Regulation 113.</p>

Divisional Secretariat  
Tellippalai respectively had  
been written off. An approval  
for writing off the losses  
amounting to Rs. 16,016,959  
and Rs. 459,850 incurred in the  
Divisional Secretariat,  
Chavakachcheri and Divisional  
Secretariat, Chankanai  
respectively in terms of our  
Letter No.  
JK/SW/Loss/V/162/18 of  
02.05.2019 had not been  
received from the ministry.

- |  |   |   |
|--|---|---|
| <p>(b) Losses amounting to Rs. 448,550 and Rs. 21,400 incurred due to accidents of 02 vehicles which were used by the Divisional Secretariats, Karainagar and Vadamadaradchy North respectively in the year under review had not been disclosed in the financial statements.</p> | <p>Action is being taken to obtain an approval from the Ministry to write off the loss of the vehicle of the Divisional Secretariat, Karainagar. Loss of the vehicle of the Divisional Secretariat, Vadamadaradchy North amounting to Rs. 21,400 had been brought to the financial statements on 23 May 2020.</p> | <p>Rules and regulations related to Financial Regulations 104 to 109 should be followed in respect of losses incurred to the vehicles and action should be taken to disclose the balance of losses in the financial statements.</p> |
|--|---|---|

### 3.9 Uneconomic Transactions

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Audit observations revealed on above matter are as follows.

#### **Audit Observation**

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Even though a sum of Rs. 1.28 million had been spent for fixing automated door to the entrance of the District Secretariat in the year 2016, above automated door had not been used for intended purpose up to now.

#### **Comment of the Chief Accounting Officer/ Accounting Officer**

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Above door is being used by us in a limited manner in order to control the higher electricity expense.

#### **Recommendation**

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Action should be taken to avoid these unnecessary expenses in future.

#### 4. Achievement of Sustainable Goals

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Audit observations revealed in this regard are as follows.

Audit Observation	Comment of the Accounting Officer	Recommendation
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Every Public Institution should act in compliance with the 2030 Agenda on Sustainable Development Goals adopted by the United Nations and having adopted the Sustainable Development Act No. 19 of 2017 on 03 October 2017 and every Public Institutions had been made aware on the above matter by Circulars. Accordingly, every Public Institutions should aware as to how it should take action in respect of functions coming under the purview of the respective Institution. Nevertheless, the District Secretariat had not made aware on above matter, thus the goals and targets relating its functions and the indicators required for measuring the achievement of those targets had not been recognized.	Projects are being implemented by the District Secretariat at district level in order to achieve sustainable development achievements which to be identified and operated at national level, at district level based on instructions and guidance provided to us by the ministries, departments and other government agent centers from time to time.	Action should be taken to prepare plans and perform the functions as per stated in the circular by identifying the sustainable development goals.

#### 5. Human Resources Management

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The particulars of approved cadre, actual cadre, vacancies and excess cadre as at 31 December 2019 are given below.

Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies	Number of Excess
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Senior Level	55	52	03	-
Tertiary Level	64	30	35	01
Secondary Level	1,134	1,062	77	05
Primary Level	207	172	36	01
<b>Total</b>	<b>1,460</b>	<b>1,316</b>	<b>151</b>	<b>07</b>
	=====	=====	=====	=====

**Audit Observations****Comments of the Accounting Officer****Recommendations**

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(a) No action had been taken to fill 151 vacancies or appoint approved staff appropriately at the end of the year under review.

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It is being proposed in respect of the vacancies of the posts which have still not been filled at district level on behalf of the District Secretariat, Jaffna at every District Secretary conference. However, said vacancies had not been filled by the appointing authorities.

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A scheme of recruitment should be followed to fill the vacancies of the approved cadre.

(b) No actions had been taken to transfer 07 excess staffs existed at primary, secondary and tertiary levels at the end of the year under review to required places.

A post of Information Technology Assistant had been filled by the Information Technology Officer.

Action should be taken to fill the vacancies existed in the Divisional Secretariats by using excess staff.

Five Development Officers had been appointed by the Ministry of Public Administration and Home Affairs for the special project of SMART Sri Lanka.

A cadre in respect of 02 caretakers for government quarters maintained by the Ministry of Public Administration and Home Affairs had been included in the schedule of district cadre. Necessary actions had been taken to remove it. As such, one vacancy may only be existed.

Nevertheless, action will be taken to rectify above matters through the transfer of the year 2021.