

## Head 270 –District Secretariat, Ampara

---

### 1. Financial Statements

---

#### 1.1 Qualified Opinion

---

The audit of the financial statement of the District Secretariat, Ampara for the year ended 31 December 2021 comprising the statement of financial position as at 31 December 2021 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. My comments and observations on the financial statements of the District Secretariat, Ampara appear in this report in terms of Sub-section 11 (1) of the National Audit Act, No. 19 was issued to the Accounting Officer on 29 July 2022. The Detailed Annual Management Audit Report relating to the District Secretariat in terms of Sub-section 11 (2) of the National Audit Act, No. 19 of 2018 was issued to the Accounting Officer on 20 July 2022. This report will be presented in Parliament in pursuance of provisions in Article 154 (6) of the Constitution 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 District Secretariat, Ampara as at 31 December 2021, and its financial performance and cash flow for the year then ended in accordance with Generally Accepted Accounting Principles.

#### 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 (SLAuS). 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 opinion.

#### 1.3 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 Generally Accepted Accounting Principles and provisions in Section 38 of the National Audit Act, No.19 of 2018 and for such internal control as management 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, Ampara 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.

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 District Secretariat, Ampara 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.

#### 1.4 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 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 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.

#### 1.5 Report on Other Legal and Regulatory Requirements

-----

I express the following matters in accordance with 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 for the preceding year had been implemented.

## 1.6 Comments on Financial Statements

-----

### 1.6.1 Accounting Deficiencies

-----

#### a) Recurrent Expenses

Audit Observation	Comment of the Accounting Officer	Recommendation
-----	-----	-----
An expenditure of Rs. 686,138 incurred on a construction of the Divisional Secretariat, Irakkamam had been shown under the Recurrent Object, 270-1-1-0-1303 instead of showing under the Capital Object, 270-1-1-02001. Accordingly, expenditure on repairing the buildings had been over computed by that amount.	As provision had been made thereon under the Head of recurrent expenditure, the value had been so accounted.	The cost incurred on this new construction should be brought under the Capital Object.

#### b) Capital Expenses

-----

The following observations are made.

Audit Observation	Comment of the Management	Recommendation
-----	-----	-----
(a) The assessment value of buildings belonging to the Divisional Secretariats of Damana, Akkaraipattu, and Ninthavur had been understated by Rs. 73,662,621 whilst the assessment value of buildings owned by the District Secretariat, and the Divisional Secretariats of Alaiyadivembu, Irakkamam, and Navithanveli had been overstated by Rs. 181,052,927 in the financial statements. As such, the value of non-current assets had been	Those values will be corrected in the ensuing year.	The assessment value of assets should be correctly shown in the financial statements.

over computed by Rs. 107,390,306 in the year under review.

- (b) The assessment value of lands owned by the District Secretariat had been understated by Rs. 13,900,000 in the financial statements. As such, the value of non-current assets had been under computed by Rs. 13,900,000 in the financial statements of the year under review. - Do. - Do.

c) Balance of the Advance Account

----- Audit Observation -----	Comment of the Accounting Officer -----	Recommendation -----
According to the reconciliation statement of the Advances to Public Officers Account, a sum of Rs. 1,546,553 remained due over a period ranging from 03 months to 03 years by the end of the year under review from 08 officers whose services had been suspended, vacated deceased or retired, but action had not been taken for the recovery.	Documents of the retired officers were sent to the Department of Pensions, but approval has not yet been received thus failing to settle the balance.	The outstanding balances should be recovered without delay.

## d) Non-maintenance of Registers and Books

Audit Observation	Comment of the Management	Recommendation
(i.) Register of Losses and Damages.  A Register of Losses and Damages had not been maintained in an up-to-date manner in terms of Financial Regulation 110.	Action will be taken to maintain the relevant Registers in due course.  - Do.	Action should be taken in terms of provisions of the Financial Regulations.  - Do.
(ii.) Register of Liabilities. A Register of Liabilities had not been maintained in an up-to-date manner in terms of Financial Regulation 214.	- Do.	- Do.
(iii.) Register of Electrical Fittings. A Register of Electrical Fittings had not been maintained in terms of Financial Regulation 454(2).	- Do.	- Do.
(iv.) Register of Securities. A Register of Securities had not been maintained in an up-to-date by including information on the officers and employees entitled to give securities.	- Do.	- Do.

## e) Certifications of the Chief Accounting Officer / Accounting Officer

Audit Observation	Comment of the Accounting Officer	Recommendation
In terms of provisions of Section 38 of the National Audit Act, No. 19 of 2018, the Chief Accounting Officer and the Accounting	Not commented.	Action should be taken in terms of provision under Section 38 of the National Audit Act, No. 19 of 2018.

Officer should 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. Such reviews should be carried out in writing, and a copy thereof should be presented to the Auditor General, but no statements had been furnished that it had been so done.

f) Non-compliances with Laws, Rules, and Regulations

	Audit Observation -----		Comment of the Accounting Officer	Recommendatio n -----
Reference to Laws, Rules, and Regulations -----	Value -----	Non- compliance -----		
	Rs.			
(i.) Sections 5 and 5.1 of the Establishments Code of the Democratic Socialist Republic of Sri Lanka.	355,782	Action had not been taken to recover the rentals due from persons dwelling in 16 official quarters owned by the District Secretariat.	Due to lack of awareness in that connection, replies could not be given on the balances remained due in the year under review.	Action should be taken to recover the outstanding balances.
(ii.) Financial Regulation 261(3) of the Democratic Socialist Republic of Sri Lanka.	4,869,983	Payments should not be made through the cash book in case of lack of funds, and cheques should not be written. However, the	Of the cheques disclosed by your with respect to the Divisional Secretariat, Sainthamaruthu, cheques	Action should be taken to credit to the Government revenue.

Divisional worth  
Secretariat, Rs. 2,156,263  
Sainthamaruthu had been  
iu had written issued.  
08 cheques  
without being  
issued even up  
to 05 April  
2022.

- |        |   |               |   |   |   |
|--------|---|---------------|---|---|---|
| (iii.) | Government<br>Procurement<br>Guidelines –<br>2006 and<br>Annexure – 35. | 5,877,00<br>0 | The limit for<br>procurement of<br>goods and<br>services of the<br>Regional<br>Procurement<br>Committee<br>(RPC),<br>amounted to<br>Rs. 01 million.<br>However,<br>having<br>exceeded that<br>limit, a black<br>gram skin<br>removing<br>machine had<br>been purchased<br>by the<br>Divisional<br>Secretariat,<br>Thirukkivil at a<br>value of Rs.<br>2,175,000<br>whilst the<br>Divisional<br>Secretariat,<br>Damana had<br>purchased 30<br>Fish drying<br>machines at a<br>value of Rs.<br>3,702,000. | Instructions<br>have been<br>given to the<br>Divisional<br>Secretary that<br>this procedure<br>was erroneous<br>and such acts<br>should be<br>averted in due<br>course. | Action should be<br>taken in terms of<br>the Procurement<br>Guidelines. |
|--------|---|---------------|---|---|---|

2. Financial Review

2.1 Management of Imprests

Audit Observation	Comment of the Accounting Officer	Recommendation
<p>Imprests valued at Rs.648,748,967 had been requested for the year under review, but imprests worth Rs. 453,936,880 only had been received by the end of the year under review. Accordingly, the projects scheduled for the year under review could not be completed on time as a sum of Rs.194,812,087 had not been received out of the imprests requested.</p>	<p>Applications for imprests have been sent to the Treasury.</p>	<p>Imprests should be properly managed, and obtained on time.</p>

2.2 Management of Expenditure

Audit Observation	Comment of the Management	Recommendation
<p>(a) A sum of Rs.100 million had been received on 29 September 2021 under the Object, 270-1-1-7-2509 through supplementary estimates for the year under review in order to produce organic fertilizer. However, the provision had been saved in full as the District Secretariat had not taken action to utilize that provision. As such, the objectives of organic fertilizer project could not be fulfilled.</p>	<p>This provision could not be utilized as no scheme, guideline or instruction had been received on the production and purchase of organic fertilizer.</p>	<p>Provision allocated for the year should be utilized within the year.</p>



- (b) Provision totaling Rs. 148,476,069 had been made in the year under review on 05 recurrent Objects and 04 capital Objects, but only a sum of Rs. 72,822,446 had been utilized thus saving a sum of Rs. 75,653,624. This saving represented 10-58 per cent of the total provision on expenditure. As such, the objectives expected through that Object could not be achieved.
- A less amount required for recurrent expenses, and there was no requirement to pay interest on loans any further. Construction of buildings have been mentioned here as capital expenses. Of the provision amounting to Rs.90 million a sum of Rs.40 million was recovered.
- Provision allocated for the year should be utilized within the year.

### 2.3 Utilization of Provision Given by Other Ministries and Departments

Audit Observation	Comment of the Accounting Officer	Recommendation
Provision totaling Rs. 5,275 million had been received from 37 Ministries and 23 Departments by the end of the year under review. Of that, a sum totaling Rs. 3,532 had been utilized by the end of the year under review, thus saving a sum of Rs. 1,743 million. As such, the projects scheduled to be implemented by the relevant Ministries and Departments had not been implemented.	Provision totaling Rs. 1,673,683,424 had been saved with respect to 37 Ministries, and provision totaling Rs. 69,336,228 had been saved under 23 Departments.	The provision made by other Ministries and Departments should be utilized productively.

### 2.4 Irregular Transactions

Audit Observation	Comment of the Accounting Officer	Recommendation
Even though there is a Government Quarters for the Navithanveli Divisional Secretary, no action had been taken to stay in the quarters. But, a sum of Rs. 324,000 had been to be spent due to living in a rental house.	Having been physically inspected by the engineer of the Secretariat, he had verbally stated that an extensive expenditure would be incurred to repair that quarters.	The official quarters of the Divisional Secretary should be repaired, thereby minimizing rentals.

### 3. Operating Review

#### 3.1.1 Failure to Achieve the Expected Outcome

Audit Observation	Comment of the Accounting Officer	Recommendation
<p>Under the “Soubhagya Programme”, 1800 chicks worth Rs. 600,000 had been provided for 60 beneficiaries in 02 Grama Niladhari divisions of the Divisional Secretariat, Ninthavur. Nevertheless, 24 per cent of them, or 430 chicks worth Rs. 282,000 had died within a period of 03 months. As such, the beneficiaries could not achieve the expected benefits.</p>	<p>The chicks had died due to rainy climate prevailed during the first stage of providing the chicks.</p>	<p>The officers should take follow-up action to ensure success of the projects.</p>

#### 3.1.2 Abandonment of Projects

Audit Observation	Comment of the Management	Recommendation
<p>(a) Under the provision made by Eastern Provincial Ministry of Agriculture, Irrigation, Livestock Products Development, Fisheries Cooperative Development, and Supply &amp; Distribution of Foods, a sum of Rs. 200,000 had been given to the Divisional Secretariats of Kalmunai and Damana in the year under review for the purchase of machinery to be used in producing organic fertilizer. However, the Divisional Secretariats had not taken action to implement that project.</p>	<p>The Divisional Secretariat has informed that the project is expected to be implemented in due course.</p>	<p>Projects should be implemented productively.</p>

- |   |   |  |
|---|---|--|
| (b) Due to failure of the contractor in executing the works worth Rs. 500,000 on time relating to 04 projects provisioned by the Divisional Secretariat, Uhana through revised decentralized budget, and those projects had been abandoned. Accordingly, the public had been deprived of the benefits expected from the projects. | Action has been taken to blacklist the relevant agricultural association. | Projects should be properly monitored and implemented within the specified duration. |
|---|---|--|

### 3.1.3 Delays in Completing Projects

-----

Audit Observation	Comment of the Management	Recommendation
-----	-----	-----
(a) A sum of Rs. 1,779,771 had been spent by the Divisional Secretariat, Uhana under the “Soubhagya Programme” as at the end of the year under review on the construction of saffron production center. This work should have been completed by 31 December 2021 as per the agreement, but the construction of building had not been completed even by 09 May 2022.	This situation had occurred due to the pandemic prevailed at the time of executing the constructions.	Projects should be completed within the specified duration.
(b) Under the “Gama Samaga Pilisandara” initiative, the Divisional Secretariat, Uhana had given a sum of Rs. 3,326,585 to a contractor for constructing the buildings to be used for providing Government services at the same	- Do.	- Do.

location. However, this task had not been completed even by 09 May 2022.

- (c) A sum of Rs. 2,667,600 had been given by the State Ministry of Samurdhi, Household Economy, Micro Finance, Self-Employment and Business Development in the year under review to construct 30 fish breeding tanks for producing fish at the Kalugolla village in the division of Divisional Secretariat, Damana. This project should have been completed by 31 December 2021, but 17 breeding tanks had not been constructed even by May 2022.
- Action will soon be taken to commence the breeding of fish.
- Do.

#### 3.1.4 Projects without Progress Despite the Release of Funds

Audit Observation	Comment of the Management	Recommendation
<p>(a) The black gram removing machines worth Rs. 2,175,000 had been purchased by the Divisional Secretariat, Thirukkovil under the "Soubhagya Programme" on 31 December 2021. However, as the members of the association had not been well aware of the functionality of the machines, the machines had not been used even by May 2022.</p>	<p>All those activities will be executed once the machines are installed.</p>	<p>Productivity should be ensured in utilizing the assets.</p>

- (b) Under the programme implemented by the State Ministry of Samurdhi, Household Economy, Micro Finance, Self-Employment and Business Development to uplift the livelihood of people by establishing production villages in the divisions of Divisional Secretariats, Alaiyadivembu and Irakkamam, financial provision totaling Rs. 11,955,340 had been made for purchasing goats, constructing goat shed and providing training and insurance. Nevertheless, 46 of the 294 goats worth Rs. 580,000 had died within a period of 03 months, an indemnity could not be obtained due to the goats not being insured. As such, the beneficiaries had been deprived of the benefits expected.
- Prompt action has been taken to insure.
- Productivity should be ensured in implementing projects.

### 3.1.5 Projects Implemented after a Delay

-----

Audit Observation	Comment of the Accounting Officer	Recommendation
-----	-----	-----
Provision amounting to Rs. 05 million had been given by the State Ministry of Urban Development, Coast Conservation, Waste Disposal and Community Cleanliness to the Divisional Secretariat, Irakkamam in order to fix street lamps at the junctions of the main road. According to the agreement entered into, activities worth	Contradictory ideas as to the locations of the street lamps existed between the Divisional Secretariat, Irakkamam, Road Development Department and the general public. The Covid-19 pandemic also attributed thereto.	The projects should be implemented in a timely manner.

Rs. 4,540,900 should have been commenced on 24 September 2021 and completed by 23 November 2021. Nevertheless, those activities had not been executed.

### 3.2 Assets Management

-----

Audit Observation	Comment of the Management	Recommendation
-----	-----	-----
(a) A vehicle owned by the District Secretariat had been handed over to a garage for repairs over a period of 21 years. However, action had not been taken either to repair or obtain the vehicle even by the end of the year under review.	It was decided that the vehicle be auctioned at the garage.	Repairs should be carried out promptly and the vehicle should productively be used for running.
(b) As 43 motorcycles had not been made use of by the District Secretariat and the Divisional Secretariat during the period from 2019 to May 2022, the motorcycles remained at the store complex over a period of 03 years.	Letters of request have been furnished by the officers. Action is being taken in that connection.	Motorcycles should be used for running productively.
(c) The values of lands located in the divisions of Divisional Secretariats, Dehiattakandiya, Padiyathalawa, Mahaoya, Damana, Addalaichchenai, and Thirukkivil had not been assessed and shown in the financial statements even by the end of the year under review.	Instructions have been given to assess the value after securing the rights to the lands.	Rights to the lands belonging to the Divisional Secretariats should be claimed thereby assessing the value.

## 3.3 Losses and Damages

----- Audit Observation -----	Comment of the Accounting Officer -----	----- Recommendation -----
Following the theft occurred at the stores in Sandathissapura belonging to the District Secretariat, Ampara on 21 September 2015, a loss of Rs. 850,738 had been assessed. However, no further action had been taken even by 19 May 2022.	Action will soon be taken in that connection.	Action should be taken in terms of Financial Regulation 104(4).

## 3.4 Management Inefficiencies

----- Audit Observation -----	Comment of the Management -----	----- Recommendation -----
(a) Action had not been taken over the 03 preceding years to recover the outstanding lease rents totaling Rs. 2,863,604 relating to the lands given on long term lease by the Divisional Secretariats, Kalmunai and Irakkamam.	It is informed to you that the recovery of long term lease rents have been impeded due problems like this.	Action should be taken to recover the long term lease rents expeditiously.
(b) A center for selling handloom products had been constructed in the division of Divisional Secretariat, Saindamaruthu at an expenditure of Rs. 2.91 million in the year under review by the State Ministry of Samurdhi, Household Economy, Micro Finance, Self-Employment and Business Development. However, action had not been taken even by May 2022 to use that building.	Action will be taken to make handloom products and sell at the center.	Productivity should be ensured in utilizing the assets.

- (c) In order to clear the road for constructing an electric fence over a distance of 22 km along the Wadinagala road, provision totaling Rs. 1,783,066 had been made for the Department of Wildlife by the Divisional Secretariat, Damana in the year under review. The contractor had been paid a sum of Rs.1,315,645 on 24 August 2021 for clearing the road over a stretch of 15 Km , but a sum of Rs. 526,259 had been paid for works not done over a distance of 06 Km.
- Action has been taken to furnish accurate reports to you after conducting surveys.
- Monies overpaid should be recovered.

#### 4. Human Resource Management

-----

Audit Observation	Comment of the Management	Recommendation
-----	-----	-----
(a) The approved cadre and actual cadre stood at 2380 and 2268 respectively as at 31 December 2021. Action had not been taken to fill the 234 vacancies and obtain formal approval on the 122 excess employees.	Vacancies continuously exist for the officers working in Sinhalese at the Sinhalese Divisional Secretariats.	Action should be taken to fill the vacancies in order to render public service productively.
(b) As permanent officers had not been recruited to 78 vacancies in the post of Grama Niladhari, administrative activities of the Grama Niladhari divisions remained weak.	Grama Niladharis are attached by the Ministry of Home Affairs.	Action should be taken to fill the vacancies by considering the responsibilities.



- (c) According to Public Administration Circular, No. 18/2001 dated 22 August 2001, every officer with a service period of 05 years at the same place should be transferred. However, 51 officers of the District Secretariat had been employed at the same place of work over a period of 06 – 31 years and no action whatsoever had been taken to transfer them even by the end of the year under review.
- Those officers had not been transferred by the Director General of Combined Services.
- Action should be taken in terms of instructions given in the Circular.

...