

Head 266 - District Secretariat of Vavuniya

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Head 266 - District Secretariat of Vavuniya for the year ended 31 December 2023 comprising the statement of financial position as at 31 December 2023 and the statement of financial performance and cash flow statement for the year then ended and notes to the financial statements, including material accounting policy information was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act No.19 of 2018. The summary report containing my comments and observations on the financial statements of the District Secretariat of Vavuniya was issued to the Accounting Officer on 24 May 2024 in terms of Section 11(1) of the National Audit Act No.19 of 2018. The Annual Detailed Management Audit Report relevant to the District Secretariat was issued to the Accounting Officer on 11 July 2024 in terms of Section 11(2) of the Audit Act. This report will be submitted to the Parliament in pursuance of provisions in Article 154(6) of the Constitution of the Democratic Socialist Republic of Sri Lanka to be read in conjunction with Section 10 of the National Audit Act No.19 of 2018.

In my opinion, except for the effects of the matters described in paragraph 1.6 of this report, the financial statements give a true and fair view of the financial position of the District Secretariat of Vavuniya as at 31 December 2023, and its financial performance and cash flows 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 (SLAuSs). My responsibility for the financial statements is further described in the Auditor's Responsibilities Section. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

1.3 Responsibilities of the Chief Accounting Officer and the Accounting Officer for the Financial Statements

The Accounting Officer are 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 the determination of the internal control that is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

In terms of Sub-section 38(1) (c) of the National Audit Act, the Accounting Officer shall ensure that an effective internal control system for the financial control exists in the District Secretariat and carry out periodic reviews to monitor the effectiveness of such systems and accordingly make any alterations as required for such systems to be effectively carried out.

1.4 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 summary report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate and its materiality depends on the influence on economic decisions taken by users on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Appropriate audit procedures were designed and performed to identify and assess the risk of material misstatement in financial statements whether due to fraud or errors in providing a basis for the expressed audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- An understanding of internal control relevant to the audit was obtained in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 Requirements

I express the following matters in terms of Section 6 (1) (d) of the National Audit Act, No.19 of 2018.

(a) The financial statements are consistent with the preceding year.

(b) The recommendations made by me on the financial statements of the preceding year except as observed in paragraph 1.6.1(c) of this report had been implemented.

1.6 Comments of the Financial Statements

1.6.1 Accounting Deficiencies

Audit Observations	Comments of the Accounting Officer	Recommendations
(a) The balance of property, plant and equipment was stated as Rs.1,650,463,014 in the Statement of Financial Position as at 31 December 2022, but according to the Treasury printed notes on 01 January 2023 that value was Rs.1,616,420,732 so, there was a discrepancy of Rs.34,042,282.	That the action has been taken to correct this and sent to the Public Accounts Department of the Treasury.	The closing balance of the previous year should be brought forward as the opening balance of the year under review and adjustments, if any, it should be disclosed in the financial statements.
(b) As on 31 December of the year under review, the value of property, plant and equipment was stated in the Statement of Financial Position as Rs.1,653,419,211, but according to the treasury printed notes, the value was Rs.1,635,078,525 so, there was a discrepancy of Rs.18,340,686.	According to the notification made to the Treasury, the Director General, Public Accounts Department had informed us to correct the error in the year 2024. That the appropriate action will be taken accordingly.	The correct value of fixed assets should be disclosed in the financial statements by making comparisons with the treasury.
(c) The cost of the 2,670 square feet building demolished by the District Secretariat in the year 2022 had not been removed from non-financial assets.	That the value of the building will be removed from the CIGAS program as soon as the valuation reports are received from the District Secretariat.	The cost of decommissioned non-financial assets should be removed from the financial statements.

2. Financial Review

2.1 Non-compliance with Laws, Rules and Regulations

Reference to Laws, Rules and Regulation	Non-compliance	Comment of the Accounting Officer	Recommendation
Financial Regulations of the Democratic Socialist Republic of Sri Lanka : Financial Regulation 103	The entry doors and house doors of 02 government houses belonging to the District Secretariat were broken and stolen, but by the end of the year under review, no action had been taken in accordance with the financial regulations.	That the as soon as get to know about the theft of those houses, complaints were submitted at the Vavuniya police station and the district engineer estimated the losses.	Actions should be taken as per the Financial Regulations.

3. Operating Review

3.1 Non-achievement of expected Output Level

Audit Observations	Comments of the Accounting Officer	Recommendations
(a) In the year under review, a total of Rs.645,000 had been spent for the cultivation of maize and groundnuts in Periyakattu Grama Sevaka Division under the Youth Agricultural Entrepreneurship Village Promotion Programme, but as they were completely destroyed, the entire amount spent for this purpose was wasted.	Compared to last year, this period was heavy with rain. Although a large number of seeds given for groundnut cultivation were in planting condition, that the cultivation was destroyed due to rain.	After a formal study, the crops to be grown in time should be selected and steps should be taken to implement the projects.
(b) 96 goats had been given to the beneficiaries under the Goat Rearing Program of Periyakattu Grama Sevaka Division under the Youth Agri Entrepreneurship Village Promotion Programme. Of these, 22 goats had died and the management had not taken steps to find out the reasons for the death and provide technical solutions for it.	Due to the effect of heavy rain, cold and worm diseases, the death rate of goats had been increased. Also, when these goats were made to go free by creating nests in herds, the number of deaths had increased due to the reduction of grass and weather changes.	With the help of experts related to animal husbandry, specifications should be drawn up and arrangements should be made to purchase goats under formal conditions and take follow-up actions.
(c) Under the commercial chicken rearing program of the Periyakattu Grama Sevaka Division, 2,840 chicks had been provided as part of the Youth Agri-Entrepreneurship Village Promotion Program. However, 710 chicks, or 25 percent, had died.	That the bad weather, lack of facilities in the maintenance of beneficiaries and threats from wild animals had to face a higher death rate.	An active program should be developed for formal monitoring, guidance and follow-up during the project implementation.

3.2 Non-achievement of expected Outcome

Audit Observations	Comments of the Accounting Officer	Recommendations
(a) Out of 3,541 houses started in 2016 and completed by December 31, 2023 under the rural housing revival program, 64 houses had not been used by the beneficiaries for residence till now.	That the resettlement efforts for unused houses are ongoing.	An urgent program should be implemented to fulfill the objectives of the project.

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| (b) | The Panneer sales center established under the Saubagya Village Program of Vavuniya Divisional Secretariat had not been opened for public use until 05 months after its completion on 27 December 2021 and this center was damaged due to a heavy vehicle accident on 04th June 2022. | That the building could not be handed over for the use of the beneficiaries within the periods mentioned by you due to the delay in getting the electricity connection and the beneficiaries being affected due to the covid epidemic. | The asset should be opened for use to the public through appropriate arrangements. |
| (c) | The Vavuniya Economic Center, which was constructed at a total cost of Rs.291,639,356 by the District Secretariat as per the 2018 budget proposal had not been opened for public use by the end of the year under review, and the Rs.7,846,555 had been spent for security services, cleaning and water charges from 2018 to 2023. | That the steps will be taken to use immediately after the approval of the Ministry of Rural Economic Affairs. | Steps should be taken to use the asset for the relevant purpose by using a formal program. |

3.3 Projects Abandoned without Completing

Audit Observations	Comments of the Accounting Officer	Recommendations
(a) The relevant contractor had taken back the roofing sheets worth Rs.162,576 given to 03 rural development societies under the rapid resettlement program of the year 2021 by the Ministry of National Urban Housing Construction and Development and due to non-payment of money to the contractor, the contractor had not delivered goods worth Rs.387,425 to the respective societies.	That the due to delay in payment due to late receipt of financial allocations, the contractor had taken back the roofing sheets given to the Rural Development Society (RDS) and chairs had not been given to the Development Society (RDS).	Appropriate actions should be taken to implement the projects and achieve the objectives of the project by paying attention to the provision and obtaining the imprests money.
(b) The construction of the Parannattakal Preschool building belonging to Vavuniya Divisional Secretariat was awarded a contract to a community-based organization under an estimate of Rs.2 million and a total of Rs.1,551,712 had been spent. Although the construction works were to be completed on December 06, 2019, the construction had not been completed till the end of the year under review.	The relevant program contract had been signed at an estimated cost of Rs.194,844,840. Even so, that this program could not be completed on the date of signing due to lack of funds in that financial year.	- do -

3.4 Delays in the Execution of Projects

Audit Observations	Comments of the Accounting Officer	Recommendations
(a) Under the financial allocation of the year 2021 of the Ministry of Resettlement, the construction of 4 toilets for which a total of Rs.280,000 had been allocated for the toilet construction project implemented in the Vengalachettikulam Divisional Secretariat had not been completed till the end of the year under review.	That the Divisional Secretary has given instructions to the Assistant Director of Planning and Development Officer to complete the work of those 04 toilets promptly.	Steps should be taken to complete the construction of toilets within the stipulated time.
(b) Under the Rural Livelihood Development Program, the contract work for the construction of the general-purpose building at Urmilakotta was contracted by the Vavuniya Divisional Secretary on 07 March 2022 with a rural development society was contracted to be completed for Rs.1,800,000 in 06 months, but these works were left unfinished.	That the according to the Ministry of Finance's Budget Circular No. 03/2022 dated 26.04.2022, this project could not be completed within the relevant period as per the notification to stop all started projects.	Appropriate actions should be taken to achieve the objectives of the project.

3.5 Assets Management

3.5.1 Idle and Underutilized Assets

Audit Observations	Comments of the Accounting Officer	Recommendations
(a) 16 government houses belonging to the District Secretariat and Vengadachettikulam Divisional Secretariat had not been repaired and put to use since last 03 months to more than 06 years.	That the according to the request dated 15.04.2024 to be removed the Vengadachettikulam Raja Group (Chamariya) residence as it is in an unusable condition, further action will be taken as per the report of the District Engineer.	Appropriate action should be taken on unusable assets.
(b) 08 motorcycles belonging to the Vavuniya District Secretariat and a Divisional Secretariat had been parked unprotected for a period of 02 to 07 years without being repaired and put to use.	That arrangements have been made to use the repaired and usable motorcycles and dispose of the remaining ones in a circular manner.	Repairs and maintenance should be carried out regularly and steps should be taken to effectively use the vehicles.

3.6 Management Inefficiencies

Audit Observations	Comments of the Accounting Officer	Recommendations
(a) In the year under review, 04 Divisional Secretariats of Vavuniya district had provided 525 goats at a cost of Rs.13,285,369 under the project of raising goats. 49 goats given by the Vavuniya South Divisional Secretariat were not insured according to the regulations, and for 44 insured goats that died in 04 Divisional Secretariats, insurance compensation amounting to Rs.2,935 per goat totaling Rs.129,140 had not been given to the beneficiaries.	Goats were purchased and distributed for the full provision given and the insurance costs were to be borne by the beneficiaries themselves. That the insurance compensation was not given because the relevant veterinarian did not know the information about a goat that died due to illness while insured, and the medical records were not verified.	Actions should be taken as per the conditions of the circular, and steps should be taken to provide the insurance money to the beneficiaries from the concerned institution.
(b) In the year under review, the renovation works of the Batik Sales Center belonging to the Divisional Secretariat had not been completed, and an overpayment of Rs.354,184 was observed during the inspection of expenses incurred for that purpose.	That the tasks 17 and 18 of the program mentioned by you in Thandikulam Batik Sales Center have been completed and remaining tasks will be completed soon.	Appropriate action should be taken to achieve the objectives of the project and overpayments should be recovered.
(c) In the year under review, the installation works of the Paneer sales center were not completed, and during the related expenditure investigation, a total overpayment of Rs.91,824 was observed.	02 wash basins worth Rs.37,824 were stolen and the contractor has confirmed that Display Board worth Rs.54,000 will be installed at the opening ceremony.	- do -
(d) The sum of Rs. 278,085 rent due from the people residing in 04 government houses of the District Secretariat was not collected for more than 23 months from one month to the last day of the reviewed year.	Several letters and reminders had been sent but dues had not been sent by the concerned departments.	Appropriate action should be taken to recover the arrears rent.
(e) Actions had not been taken by the Vavuniya Divisional Secretariat to recover the Rs.45,392,000 of tax premiums and penalties payable for 12 years for a land given to the Vavuniya branch of a government bank under long-term taxes for government land.	Vavuniya Bank of Ceylon had been approved the tax on 5 October 2012, but assessment reports had been received on 14 October 2020. That the several letters were sent to the bank officers, but the taxes and fines were not paid.	Appropriate action should be taken to recover rent and penalty charges.