

## **Head - 274 District Secretariat Anuradhapura**

### **1. Financial Statements**

#### **1.1 Opinion**

The audit of the financial statements of Head - 274 District Secretariat Anuradhapura 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 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 Anuradhapura was issued to the Accounting Officer on 22 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 31 May 2023 in terms of Section 11(2) of the Audit Act. This report will be tabled in Parliament in pursuance of provisions in Article 154(6) of the Constitution of the Democratic Socialist Republic of Sri Lanka to be read in conjunction with Section 10 of the National Audit Act No.19 of 2018.

The financial statements of the District Secretariat Anuradhapura give a true and fair view of the financial position of the District Secretariat Anuradhapura 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 Opinion**

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 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 stated in 3.4 (a) of this report which made by me on the financial statements of the preceding year had not been implemented.

## 2. Financial Review

### 2.1 Utilization of Provisions made available by other Ministries and Departments

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) A total of Rs.4,964 million had been allocated by 18 Ministries and 26 Departments as Rs.3,773 million and Rs.1,191 million respectively for recurrent and capital expenditure. By the end of the year under review, a total of Rs.4,735 million had been utilized out of that and provision of Rs.229 million or 46 percent had been saved. The 46 per cent of the provisions made to the Development Finance Department for incurring expenditure during the year under review had not been unutilized.	Due to the economic crisis in the country and difficulties in allocating capital funds, the implementation of capital projects was limited and as a result savings were made. Although the Department of Development Finance had allocated an amount of Rs.12,000,000 for the operational expenses and related improvement of the Upuldeniya Grain Warehouse, due to the economic situation, the improvement was not carried out and therefore there is a 46 percent provision remaining.	Provision received should be utilized and action should be taken to achieve the desired objectives of the project.
(b) The 97 of 1000 liter water tanks and 11 of 500 liter water tanks which were provided by the Ministry of Disaster Management for 07 Divisional Secretariats for the use of Grama Niladhari domains with drinking water requirements remained idle for more than 05 years without being used.	It has been kept safe for clean and use when needed.	Action should be taken to efficient and effective utilization of assets and safe storage of assets should be done.

## 2.2 Non-compliance with Laws, Rules and Regulations

	Observation	Value Rs.	Non-compliance	Comments of the Accounting Officer	Recommendation
	Reference to Laws, Rules and Regulations	Value Rs.	Non-compliance	Comments of the Accounting Officer	Recommendation
(a)	Establishment Code of the Democratic Socialist Republic of Sri Lanka				
(i)	Section 6.15 of Chapter XIX	-	Due to the fact that the officers who have got quarters are staying in the respective quarters even though the lease period of 12 quarters in the Anuradhapura District Secretariat has exceeded 05 years, 78 officers who are on the waiting list for government housing have lost the opportunity to get quarters.	Houses are reserved as per Section 6.12 of Chapter XIX of the Establishment Code	Establishment code should be followed.
(ii)	Section 7.2 of Chapter XIX	-	Although a penalty rent including 08 percent of the salary and the market rent assessed for that house should be charged for the period of staying in a house beyond the rent period, only penalty rent of 08 percent of the salary of the officers residing in 08 houses was being charged.	Houses are reserved as per Section 6.12 of Chapter XIX of the Establishment Code. A penalty rent of 08 percent is charged as an inducement to find another place to live.	Establishment Code should be followed.

- (b) Paragraph 03 of Public Finance Circular No.02/2020 dated 28 August 2020
- The District Secretariat had not prepared an action plan for the year under review.
- Since the development projects were not implemented, an action plan for the development projects and a procurement plan were not prepared simultaneously.
- The Circular should be followed.

### 2.3 Irregular Transaction

#### Audit Observation

The solar power system with a capacity of 05 kilowatts in the Government agent's residence which had been inactive for more than three months from November 2023 to 01 March 2024 which was the audited date could not be restored on the basis of the relevant warranty certificates due to the fact that a technical report to confirm that the installation of solar power system, submission of inspection reports, submission of warranty certificates etc. has been duly carried out as per the specifications and conditions agreed by the bidder in terms of Finance Regulations 237(a)(i) was not obtained while paying agreed amount of Rs.2,405,200 for the installation of 02 solar power systems with a capacity of 05 KW and 10 KW for the Anuradhapura Government agent's residence and circuit bungalow in the year 2018.

#### Comments of the Accounting Officer

Bills related to this supply have been settled on the recommendation of the Member District Engineer of Technical Evaluation Committee. By email dated 04 April 2024, arrangements have been made to check the upcoming repairs online.

#### Recommendation

The Financial Regulations and related Circulars should be followed in purchasing and receiving services.

### 3. Operational Review

#### 3.1 Failure to perform Duties

##### **Audit Observation**

Although the Divisional Secretaries should conduct land Kachcheri and resolve land related issues in accordance with the circular No.2008/04 dated 20 August 2008 of the Commissioner General of Lands for the regularization of land management in order to provide land for those who are landless and are engaged in farming activities in the Divisional Secretariat Divisions and to provide formal permits for those who currently own land but do not have legal rights, the land Kachcheri had not been conducted in 32 Grama Niladhari domains in Rambewa, Central Nuwaragam Province and Nachchaduwa Regional Secretariat Divisions for 02 years or more.

##### **Comments of the Accounting Officer**

Land Kachcheri is planned to be held in the year 2024.

##### **Recommendation**

The land Kachcheri should be conducted at due time according to the Circular.

#### 3.2 Non-achievement of expected Output Level

##### **Audit Observation**

The amount of Rs. 33,313,252 in the bank accounts which have been opened for providing livestock loans in 10 Divisional Secretariats under the loan program implemented by the Women's Bureau of Sri Lanka under the supervision of Vanitha Development Officers are remained inactive for more than two years stating that it is not sufficient to be used for the related work.

##### **Comments of the Accounting Officer**

The beneficiaries reject this loan as the current value of a cow is about Rs.250,000 although the loan amount given is Rs.100,000. It has been informed to the Women's Bureau of Sri Lanka and further action will be taken as per the decision of the Ministry.

##### **Recommendation**

Public funds should be used in an economical and effective manner to achieve the desired benefits.

### 3.3 Non-achievement of expected Outcome

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) It was observed that there was poor progress in the projects implemented by Anuradhapura district under the project of establishing Prosperity Production Villages in the following Divisional Secretariats.		
(i) An expenditure of Rs.14,580,865 had been incurred to establish the production village for the cultivation of large onion seeds and turmeric in the Galnewa Divisional Secretariat and the production village had not been established as expected as 06 out of 07 target objectives were not achieved through the project.	Although it took some time to achieve the desired goals of the manufacturing village due to the economic crisis in the country, all the purchases made by the government have been distributed to the beneficiaries by now and the beneficiaries are using that equipment.	After a proper feasibility study, the projects should be selected and the achievable objectives should be decided with the performance indicators and, the project should be implemented efficiently and effectively and the necessary follow-ups should be directed to achieve the project objectives.
(ii) Rs.4,078,584 had been spent for the activities such as the construction of roads, production of organic fertilizers, production of threshing floor, imparting knowledge which have an Indirect contribution to paddy production without doing 05 activities related to the preparation of tanks, dams, and bunds which are directly related to the production for the local rice production village under the Prosperity Production Village Project of Kahtagasdigiliya Divisional Secretariat Division and it was observed that the objectives have not been fulfilled as expected.	Any financial provision has not been allocated in this regard after the year 2022. Therefore, the desired objectives have not been achieved. Nevertheless, the local paddy seeds required to implement the projects have been given to the farmers under the "Integrated Management Program" in the year 2022.	Projects should be implemented in a manner that effectively achieves the objectives.

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| (b) | The 60 societies among the 88 Grama Shakti Societies in 10 Divisional Secretariat Divisions under phase ii of implementation of Grama Shakti society. The inactive societies had a total cash balance of Rs.3,760,452 as of 31 December 2023. | The letter of the Director General of Saubagya Development Bureau has been forwarded to the Divisional Secretary for necessary action to resolve the issues raised in connection with the Grama Shakti Program. | The objectives of the Grama Shakti People Movement should be implemented in a manner that is effectively fulfilled. |
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### 3.4 Management Weaknesses

<b>Audit Observation</b>	<b>Comments of the Accounting Officer</b>	<b>Recommendation</b>
(a) Although the relevant grant papers should be taken over to government according to the circular No.2020/02 dated 06 February 2020 named the follow-up of the grant papers issued under the Land Development Ordinance of the Land Commissioner General and instructions in part vi of the said circular should be followed in cases where a the land plots has been set aside by the owners of grant papers given for agricultural and residential purposes under the Land Development Ordinance to be used for commercial purposes for the construction of transmission towers to various companies, the above circular had not been followed regarding 139 transmission towers located in 14 Divisional Secretariats.	Proceedings are in progress.	Circular should be followed.
(b) During the inspection of the project related to the implementation of aloevera cultivation and related production project by a private company, the following facts were observed.		
(i) To remove the boundary stones of the lands that given permit for residential activities and farming activities to the farmers of Grama Niladhari Domain, Yaya 18 No.456, Rajanganaya Divisional Secretariat under Section	Regarding the resettlement of the boundary stones, the relevant institution has been informed and sent letters dated 28.09.2020 and 05.09.2022.	Re-establishment of boundary stones should be expedited.



19(2) of the Land Development Ordinance Act and to implement an aloe cultivation and related production project had been given to a private company in the year 2019. Although the Anuradhapura Land Commissioner (Inter-Provincial) had informed the Rajangana Divisional Secretary on 17 June 2020 that the land plots should be separated according by establishing stones to the map according to the instructions of the Government Survey Office, the boundary stones had not been set up again.

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| (ii)  | Although approval was received on 16 September 2021 from the Land Commissioner General to provide 02 plots of land for a factory, water tank and water treatment on a long term lease, a long term lease had not been signed even though a period of 02 years has passed as of the audit date of 14 August 2023. In this regard, the survey request was submitted to the Office of the Survey Authority on 27 September 2021 and a rent was charged for 02 years based on the gross estimate. Furthermore, the desired objectives of the government were not fulfilled due to the fact that the construction work had not commenced. | Rents related to the year 2024 have not been paid. It has been referred to the Surveyor Department for survey work. | Granting of long-term licenses should be expedited.                     |
| (iii) | According to the Central Environment Authority's letter No. NCPO/AD/07/1302/2019 and dated September 24, 2019, if it is intended to build a factory, the prior approval of the Central Environment Authority should be obtained, but the factory is proposed to be built without obtaining approval. About 04 feet of soil had been removed from the land.   | Accepted.   | Prior approval of the Central Environment Authority should be obtained. |

- (iv) In relation to the project, according to the proposal presented and approved by the Minister of Finance and the Minister of Lands to the Cabinet on 27 August 2021, to start a medicinal product industry from the aloe vera plant for export under the organic cultivation system in Anuradhapura district and the total investment and initial investment are USD 783 million and USD 300 million respectively. Although the objectives were to be obtained, none of the objectives had been achieved even though about 02 years had passed since the approval of the Council of Ministers.
- Kindly inform that the Divisional Secretary has no responsibility regarding the implementation of this project.
- The project should work to achieve the desired objectives.
- (c) In the year 2023, the remaining amount of Rs.1,439,366 to be paid from the assessed value for 53 people affected by disaster in 08 Divisional Secretariat Divisions of Anuradhapura District had not been paid by December 31 of the reviewed year.
- It is not possible to provide compensation as the ownership of the land where the property of some people is located has not been confirmed. Since I cannot find the documents in which the compensation requests of several people have been submitted, the Divisional Secretary has been asked to forward the certified copies of those request letters to me. Provisions have been requested from the National Disaster Relief Services Center to pay the remaining compensation. The remaining amount should be paid by the insurance trust fund for the two damages that occurred before 01.04.2020.
- Disbursement of disaster funds should be arranged promptly.

#### 4. Human Resource Management

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) As on 31 December of the year under review, 28 senior level vacancies, 26 tertiary level vacancies, 24 secondary level vacancies and <b>18</b> primary level vacancies in the District Secretariat and 22 Divisional Secretariats had not been properly acted upon.	The information about sanctioned and actual staff as well as vacancies and redundancies in this office and 22 Divisional Secretariats is correct.	The staff vacancies should be filled immediately.
(b) In 08 Divisional Secretariat Divisions, 95 officers were employed in excess of the approved number of Development Officer posts.	Information about redundant development officers has been notified through reports to the Ministry of Public Administration, Home Affairs, Provincial Councils and Local Government and the Department of Management Services.	Surplus Development Officers should be posted in vacant offices.