

Valikamam West Pradeshiya Sabha

Jaffna District

1. Financial Statements

1.1 Presentation of Financial Statements

The financial statements for the year 2019 had been presented to Audit on 28 February 2020 and the summary report of the Auditor General on the financial statements and the detailed management report had been forwarded to the Chairman of the Sabha on 29 June 2020 and 31 August 2020 respectively.

1.2 Qualified Opinion

In my opinion, except for the effect of the matters described in the basis for qualified opinion section of this report, the financial statements give a true and fair view of the financial position of the Valikamam West Pradeshiya Sabha as at 31 December 2019 and its financial performance for the year then ended in accordance with Generally Accepted Accounting Principles.

1.3 Basis for Qualified Opinion

(a) Accounting Policies preparing the Financial Statement

Audit Observation	Comment of the Accounting Officer	Recommendation
Accounting policies adopted in preparing the financial statements had not been disclosed in the financial statements.	Action will be taken to disclose in future.	Financial statements preparing accounting policies should be disclosed in the financial statements.

(b) **Accounting Deficiencies**

Audit Observation -----	Comment of the Accounting Officer -----	Recommendation -----
(i) Understated the land and building amount shown in the financial statement. Due to weekly market building amount Rs. 885,000 has not been included in the financial statement.	Will be included in the financial statement after receive to the Sabha.	Action should be taken to include market value of land in the financial statement.
(ii) Understated the land amount shown in the financial statement. Due to 07 cemeteries amounts has not been included in the financial statement.	Will be included in the financial statement after received to the Sabha.	Action should be taken to include market value of 07 cemeteries in the financial statement.
(iii) Understated the motor vehicle amount shown in the financial statement. Due to 05 Vehicles amounts has not been included in the financial statement.	Action will be taken to include in the Accounts.	Action should be taken to include market value of 05 motor vehicles in the financial statement.

1.4 Non-compliances

1.4.1 Non-compliances with Laws, Rules, Regulations and Management Decisions

Reference to Laws, Rules, Regulations and Management Decisions -----	Non-compliances -----	Comments of the Accounting Officer -----	Recommendation -----
(a) National Audit Act No. 19 of 2018 Sub section 16(2)	Annual performance report had not been presented along with the financial statements.	Action will be taken to annexes with financial statements.	Appropriate action should be taken to present annual performance report with the financial statements in terms of Act.

(b) Pradeshiya Sabhas Act No. 15 of the year 1987 Section 158(1)	Warrant had not been issued to the defaulters of arrears of assessment tax on property totaling Rs. 13,809,422.	Action has been taken to issue warrant.	Appropriate action should be taken in term of Act.	
(c) Financial Regulations of the Democratic Socialist Republic of Sri Lanka	No.571	No action has been taken to settle the lapsed deposits amount of Rs. 1,583,999.	Action will be taken related that.	Action should be taken in terms of Regulation.
(d) Ministry of Public Administration and Management Circular	(i) 05/2018 (1) of 24 January 2018	General Public Services List has not been prepared and displayed.	Action will be taken to amend	Appropriate action should be taken in terms of Circular.
	(ii) 02/2018 of 24 January 2018	A human resource plan for conducting capacity building programs has not been prepared and could not be ensured that the staff training for at least 12 hours per year.	Action will be taken to prepare the human resource plan and will take action to train in during the year.	Appropriate action should be taken in terms of Circular.
(e) Public Administrative Circular	No. 13/2008 of 26 June 2008	Daily vehicle running chart has not been submitted to Audit before the 15 th of consecutive month.	Action will be taken to submit the audit.	Appropriate action should be taken to relevant vehicle running in term of Circular.

(f) Other Circular

Local Government circular No. 2018/e 01 dated 19.07.2018 Services receiving Local facilities had not been provided through the online for citizens. Action will be taken to give online facilities to facilitate appropriate action should be taken in terms of Circular.

2. Financial Review

2.1 Financial Results

According to the financial statements presented, the revenue over recurrent expenditure of the Sabha for the year ended 31 December 2019 amounted to Rs. 17,660,931 as compared with the corresponding the revenue over recurrent expenditure of the preceding year amounted to Rs. 74,743,374.

2.2 Revenue Administration

2.2.1 Estimated Revenue, Collected Revenue and Arrears of Revenue

Information on the estimated revenue, collected revenue and arrears of revenue presented relating to the year under review and the preceding year is given below.

Source of Revenue	2019			2018		
	Estimated Revenue	Collected Revenue	Total Arrears as at 31 December	Estimated Revenue	Collected Revenue	Total Arrears as at 31 December
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Rates and Taxes	9,392,873	9,551,813	13,809,422	9,339,672	9,455,490	9,945,885
Rentals	14,292,550	15,676,220	21,507	11,253,600	52,024,138	11,733
License Fees	1,951,250	1,967,160	10,500	1,852,500	2,006,506	24,000
Other Revenue	68,676,510	61,686,691	10,577,523	67,434,237	80,453,581	32,799,789
	94,313,182	88,881,884	24,418,952	89,880,009	143,939,715	42,781,407

2.2.2 Performance in Collection of Revenue

Audit Observation	Comment of the Accounting Officer	Recommendation
(i) When comparing with 2018 performance in collection of revenue Rs. 55,057,831 observed the decrease in 2019 due to 2018	Appropriate action will be taken to Listed bill and collect the revenue in future.	Appropriate action should be taken to increase the performance in collection of revenue.

collection of revenue
 Rs.143,939,715 and 2019
 collection of revenue
 Rs. 88,881,884.

- (ii) It shows inefficient of collection Will be disclosed the Action should be taken
 revenue due revenue had not been lists revenue in the to list the revenue.
 listed for the 6 years. future.

2.2.3 Rates and Taxes

Audit Observation -----	Comment of the Accounting Officer -----	Recommendation -----
(a) No actions had been taken to recover arrears of rates and taxes Rs.13,809,422.	Action will be taken to increase the recovery.	Appropriate action should be taken recover the arrears of rates and taxes.
(b) No actions had been taken to recover arrears of water tax Rs. 302,665.	Action will be taken to increase the recovery.	Appropriate action should be taken recover the arrears of water tax.

2.2.4 Rentals

Audit Observation -----	Comment of the Accounting Officer -----	Recommendation -----
No action had been taken to recover arrears rent Rs. 21,507.	Action will be taken to recover.	Appropriate action should be taken to recover the rents arrears.

2.2.5 License Fees

Audit Observation -----	Comment of the Accounting Officer -----	Recommendation -----
No action had been taken to recover arrears license fee Rs. 10,500.	Action will be taken to recover.	Appropriate action should be taken to recover the License fee.

2.2.6 Court Fines

Audit Observation	Comment of the Accounting Officer	Recommendation
Court fines totaling Rs.1,321,786 had to be received from the Chief Secretary of the Provincial Council and all authorities as at 31 December 2019.	Action has been taken after send the letter to the Provincial Treasury.	Appropriate action should be taken to recover the arrears counts fine.

3. Operating Review

3.1 Performance

The matters observed in respect of execution of activities that should be executed under Section 3 of the Pradeshiya Sabhas Act such as regularize and control over the matters of public health, public utility services and public thoroughfares and the comfort, convenience and welfare of the people are given below.

(a) By-Laws

Audit Observation	Comment of the Accounting Officer	Recommendation
By-laws were required to be enacted for 30 main functions in terms of section 126 of the Pradeshiya Sabhas Act. But, by-laws had been enacted for 06 functions only even as at 31 December 2017.	Action will be taken to publish in the Gazettes.	Appropriate action should be taken in term of Act.

(b) Action Plan

Audit Observation	Comment of the Accounting Officer	Recommendation
An annual action plan had not been prepared in respect of 30 activities to be implemented by the Sabha as per by-laws enacted.	Action will be taken to preside in the current year.	Appropriate action should be taken to prepare the annual action plan accordance with by- law.

(c) Delays in completion of Project

Audit Observation -----	Comment of the Accounting Officer -----	Recommendation -----
It has been observed that 03 projects had not been completed in the due period.	Projects are ongoing process.	Should be completed the projects in the due period.

(d) Solid Waste Management

Audit Observation -----	Comment of the Accounting Officer -----	Recommendation -----
(i) Medical test has not been taken for Sanitary labourers.	Letter has been sent to medical officer.	Medical test should be taken for sanitary labourers in the due period.
(ii) It has been observed that waste is been chopped and buried with out the solid wastes had been collected without segregate and burn in terms of the national policies.	The waste will be segregate after receive the relevant provision of fund.	Appropriate action should be taken in term of Solid Waste Management.

(e) Environmental Issues

Audit Observation -----	Comment of the Accounting Officer -----	Recommendation -----
No action had been taken to spray mosquito oil for preventing spread of mosquitoes and flees and to prevent bad smell in the area selected for disposing solid wastes.	Action will be taken in the current year.	Appropriate action should be taken in term of Solid Waste Management.

3.2 Management Inefficiencies

Audit Observation -----	Comment of the Accounting Officer -----	Recommendation -----
(a) Fund has been kept Rs. 90,842,387 in the fixed deposits with out spent it for Pradeshiya Sabha's relevant purpose.	Action is being on process.	Appropriate action should be taken to spend the Pradeshiya Sabha fund for Pradeshiya Sabha's development Project.

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|-----|--|--|--|
| (b) | No action has been taken to recover the advance Rs. 2,615,065 of contracts works. | Request letter has been sent. | Advance should be settled in the due period. |
| (c) | The important works has not been completed due to has not prepared the report by the Local Government Assistant. | Action will be taken to prepare the report. | Should be prepared the relevant report in the due period. |
| (d) | Although the Pradeshiya Sabha had displayed the Public Service List, the services provided to the people had been delayed. | Action will be taken to service in the due period. | Action should be taken to service the peoples in the due period. |

3.3 Human Resources Management

Audit Observation -----	Comment of the Accounting Officer -----	Recommendation -----
The Sabha had not recruited and deployed human resources properly. As a result, it was observed in audit that works to be completed by such 20 human resources had been delayed.	Will be filled the vacancies after conducted the interview.	Appropriate action should be taken to fill the vacancies in the due period.

3.4 Operating Inefficiencies

Audit Observation -----	Comment of the Accounting Officer -----	Recommendation -----
(a) "K" Form had not been distributed to the 19,080 properties owners in the year under review.	Action will be taken to distribute in the current year.	Appropriate action should be taken to distribute "K" form as per the Act.
(b) No action had been taken in respect of 34 payments valued at Rs. 929,091 payable to employees.	Action will be taken to pay to the relevant persons.	Appropriate action should be taken to pay relevant payable to employees.

3.5 Assets Management

3.5.1 Assets not acquired

Audit Observation	Comment of the Accounting Officer	Recommendation
(a) Has not been taken to transfer ownerships of 47 property value at Rs. 22,355,483 to the Sabha.	Action will be taken to receive the board decision.	Action should be taken to transfer ownership of property to the Sabha.
(b) Has not been taken to transfer ownerships of 06 vehicles to the Sabha.	Could not been transfer the ownerships due to documents has not been received.	Action should be taken to transfer ownership of vehicles to the Sabha.

3.5.2 Idle Assets

Audit Observation	Comment of the Accounting Officer	Recommendation
A pickup vehicle No. 252- 6540 and a towable water bowser No. WPHO – 0557 had remained idle for the period of 05 to 17 years.	No action has been taken due to ownership has not been transfer.	Appropriate action should be taken to use the vehicles.

4. Accountability and Good Governance

4.1 Budgetary Control

Audit Observation	Comment of the Accounting Officer	Recommendation
Expenditure budget was inefficient due to different between budgetary expenditure and actual expenditures.	Action will be taken in future.	Budget should be planned proper system.