

**Delft Pradeshiya Sabha  
Jaffna District**

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**1. Financial Statements**

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**1.1 Presentation of Financial Statements**

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The financial statements for the year 2017 had been presented to Audit on 18 May 2018 and the Report of the Auditor General on those financial statements had been forwarded to the Chairman on 11 September 2018.

**1.2 Qualified Opinion**

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In my opinion, except for the effect of the matters described in paragraph 1.3 of this report, the financial statements give a true and fair view of the financial position of the Delft Pradeshiya Sabha as at 31 December 2017 and its financial performance for the year then ended in accordance with Generally Accepted Accounting Principles.

**1.3 Comments on Financial Statements**

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**1.3.1 Accounting Policies**

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Accounting policies adopted in preparing the financial statements had not been disclosed in the financial statements.

**1.3.2 Accounting Deficiencies**

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Reconstruction works of 04 categories of building totalling Rs. 3,835,000 had not been capitalized, thus the value of the buildings had been understated in the financial statements of the year under review.

**1.3.3 Non-compliances**

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

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Instances of non-compliance with laws, rules, regulations and management decisions are given below.

<b>Reference to Laws, Rules, Regulations and Management Decisions</b>	<b>Value</b>	<b>Non-compliances</b>
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	<b>Rs.</b>	
(a) Financial Regulations of the Democratic Socialist Republic of Sri Lanka		
(i) Financial Regulation 371	156,215	Ad hoc advances paid to a former chairman of the Sabha had not been settled for the last 17 years.

- (ii) Financial Regulation 571 547,672 No meaningful actions had been taken in respect of lapsed deposits.
- (b) Ministry of Public Administration and Management Circular
- (i) No. 13/2008 of 26 June 2008 Daily running charts of vehicle for the month had not been submitted to audit before 15<sup>th</sup> day of the following month. Fuel consumption had not been tested for the vehicles of the Sabha for the period of one year.
- (ii) No. 30/2016 dated 29 December 2016
- (c) Finance circular of Northern Province No. PF/01/2017 of 07 March 2017 Security money had not been paid by the officers who were given responsibility administratively or under delegation of authority to obtain money and store goods or to keep them in safe custody.

## 2. Financial Review

### 2.1 Financial Results

According to the financial statements presented, the expenditure over recurrent revenue of the Sabha for the year ended 31 December 2017 amounted to Rs. 5,505,060 as compared against the revenue over recurrent expenditure of the preceding year amounted to Rs. 2,252,348.

### 2.2 Revenue Administration

#### 2.2.1 Estimated Revenue, Actual Revenue and Arrears of Revenue

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

Source of Revenue	2017				2016			
	Estimated Revenue	Billed Revenue	Collected Revenue	Total Arrears as at 31 December	Estimated Revenue	Billed Revenue	Collected Revenue	Total Arrears as at 31 December
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Rates and Taxes	80,000	–	47,750	–	103,000	–	95,800	–
Rentals	884,800	–	1,441,720	152,050	1,028,200	–	855,300	77,700
License Fees	83,500	–	620,210	7,190	22,000	–	77,150	7,190
Other Revenue	1,582,250	–	3,134,986	2,755,190	1,575,300	–	2,236,641	2,683,290
	<b>2,630,550</b>	<b>–</b>	<b>5,244,666</b>	<b>2,914,430</b>	<b>2,728,500</b>	<b>–</b>	<b>3,264,891</b>	<b>2,768,180</b>

## 2.2.2 Rates and Taxes

### Water Tax

Water tax had not been recovered in the month of supplying drinking water. As such, it was observed a sum of Rs. 47,040 as arrears in the year under review.

## 2.2.3 Rentals

The following matters were observed.

- (a) No meaningful actions had been taken by the Sabha to recover arrears of stall rent and arrears of trade lease amounting to Rs. 82,550 and Rs. 152,599 respectively for the last 02 years.
- (b) No meaningful actions had been taken by the Sabha in the year under review to recover arrears of rent amounting to Rs. 15,500 in respect of vehicles issued to the tourists on the basis of rental.

### (c) Other Revenue

No meaningful actions had been taken by the Sabha to recover arrears of preservice charges totalling Rs. 517,400 for road roller service and water supply services for the last 02 years.

## 2.2.4 Stamp Fees

Stamp fees of Rs. 15,487 had to be received continuously from the Chief Secretary of the Northern Provincial Council as at 31 December 2017.

## 3. Operating Review

### 3.1 Performance

According to the section 3 of the Pradeshiya Sabhas Act, the matters disclosed relating to the Sabha in control and administration of all matters relating to public health, public utility services and public thoroughfares and generally with the protection and promotion of the comfort, convenience and welfare of the people and all amenities had been as follows.

#### Solid Waste Management

The following matters were observed.

- (i) The daily collection of garbage had not been cut in to pieces and covered with soil.
- (ii) No actions had been taken to spray mosquito oil for preventing spread of mosquitos and flees and to prevent bad smell.

### **3.2 Management Inefficiencies**

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Approval had not been obtained for cremation of body in 06 cemeteries belonging to the Sabha and meaningful actions had not been taken by the Sabha to recover cemetery tax for it.

### **3.3 Operating Inefficiencies**

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The following matters were observed.

- (a) Registers in respect of properties had not been maintained by the Sabha and meaningful actions had not been taken to recover rates and taxes for the last 05 years.
- (b) Salary of sailor and fuel totalling Rs. 1,846,295 for the service of Nedunthaaragai boat which used to the sea travel way to Delft had been paid from the fund of the Sabha for the year under review. However, boat ticket charges from the passengers were not enough to cover that expenditure, thus it was observed the fund of the Sabha was in crisis position.

### **3.4 Human Resources Management**

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The following matters were observed.

- (a) It was observed in audit that the Sabha had not recruited and deployed human resources properly. As a result, works to be completed by such 11 human resources had been delayed.
- (b) No meaningful actions had been taken by the Sabha to recover arrears of staff loan amounting to Rs. 11,630 from an officer who retired from the service for the last 03 years.

### **3.5 Assets Management**

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#### **3.5.1 Failure to hand over Assets**

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Six vehicles being used by the Sabha had not been owned by the Sabha for the last 03 years to 18 years.

#### **3.5.2 Idle Assets**

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A water supply bowser had remained idle in the Sabha for the last 05 years without being utilized.

#### **4. Accountability and Good Governance**

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##### **4.1 Presentation of Financial Statements**

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The financial statements for the year under review had to be submitted to audit on or before 31 March 2018. However, it was observed a delay as it had been submitted only on 18 May 2018.

##### **4.2 Budgetary Control**

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Variances ranging from Rs. 32,250 to Rs. 1,286,560 or from 40 per cent to 102 per cent between the budgeted revenue and actual revenue and from Rs. 3,000 to Rs. 3,817,910 or 24 per cent to 100 per cent between the budgeted expenditure and actual expenditure were observed.

#### **5. Systems and Controls**

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Deficiencies observed during the course of audit were brought to the notice of the Sabha from time to time. Special attention is needed in respect of the following areas of control.

##### **Systems**

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Accounting

##### **Deficiencies**

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Failure to maintain register of losses, register of street lamps, register of measurement sheets, register of tax on land sales and register of employee security