

**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 2018 had been presented to Audit on 29 March 2019 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 30 June 2019 and 31 October 2019 respectively.

**1.2 Qualified Opinion**

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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 Delft Pradeshiya Sabha as at 31 December 2018 and its financial performance for the year then ended in accordance with Generally Accepted Accounting Principles.

**1.3 Basis for Qualified Opinion**

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**(a) Accounting Policies**

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**Audit Observation**

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**Recommendation**

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**Comment of the  
Accounting Officer**

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

Accounting policies should be disclosed in the financial statements.

Not replied.

**(b) Accounting Deficiencies**

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**Audit Observations**

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**Recommendations**

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**Comments of the  
Accounting Officer**

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Value of 05 vehicles being used by the Sabha had not been assessed and included in the financial statements.

Values of the vehicles should be assessed and shown in the books.

Not replied.

## 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	Recommendations	Comments of the Accounting Officer
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(a) National Audit Act No. 19 of 2018 Sub section 16(2)	An annual performance report had not been presented along with the financial statements.	Action should be taken in terms of said Act.	Not replied.
(b) Pradeshiya Sabhas (Financial and Administrative) Rule of the year 1988 Section 193 of Chapter X	A statement including explanation for variances by comparing details of actual revenue and expenditure for the year under review with the budget had not been prepared and submitted to audit.	Action should be taken in terms of said Rules.	Not replied.
(c) Financial Regulations of the Democratic Socialist Republic of Sri Lanka			
(i) Financial Regulation 371	Advances valued at Rs. 156,215 paid to a former chairman of the Sabha had not been settled for the last 18 years.	Action should be taken as per said regulations.	It could not be recovered even respective action had been taken.
(ii) Financial Regulation 571	No action had been taken in respect of lapsed deposits totalling Rs. 547,672 for over 2 years.	Action should be taken as per said regulations.	Action is being taken to rectify lapsed deposits totally.

(d) Finance circular of Northern Province

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|--------------------------------------|---|---|--|
| (i) No. 30/2016 of 29 December 2016  | Fuel consumption had not been tested for 06 vehicles of the Sabha.  | Action should be taken in terms of said circular. | Action had been taken to test fuel consumption of such vehicles.                             |
| (ii) No. PE/01/2017 of 07 March 2017 | Security money had not been paid by the officers who are administratively responsible or were assigned such duties under delegation of authority. | Action should be taken in terms of said circular. | Security money is being recovered on instalment basis from the officers who are responsible. |

## 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 2018 amounted to Rs. 42,925 as compared with the corresponding the expenditure over recurrent revenue of the preceding year amounted to Rs. 5,505,060.

### 2.2 Revenue Administration

#### 2.2.1 Estimated Revenue, Billed Revenue, Collected 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	2018				2017			
	Estimated Revenue	Billed Revenue ❖	Collected Revenue	Total Arrears as at 31 December	Estimated Revenue	Billed Revenue ❖	Collected Revenue	Total Arrears as at 31 December
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	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Rates and Taxes	950,000	-	70,550	-	80,000	-	47,750	-
Rentals	1,026,000	-	863,250	132,149	884,800	-	1,441,720	152,050
License Fees	117,500	-	189,299	-	83,500	-	620,210	7,190
Other Revenue	5,559,400	-	4,782,461	765,955	1,582,250	-	3,134,986	2,755,190
	<b>7,652,900</b>	<b>-</b>	<b>5,905,560</b>	<b>898,104</b>	<b>2,630,550</b>	<b>-</b>	<b>5,244,666</b>	<b>2,914,430</b>

- ❖ Billed revenue had not been presented to audit.

## 2.2.2 Performance in Collection of Revenue

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Audit Observations	Recommendations	Comments of the Accounting Officer
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(a) Collected revenue for the year 2017 was Rs. 5,244,666. However, collected revenue for the year 2018 was increased as Rs. 5,905,560, thus performance of revenue collection for the year 2018 had been increased by Rs. 660,894 as compared with the year 2017.	Billed revenue should be verified.	Action will be taken to bill and collect revenue in future periods.
(b) Revenue had not been billed by the Sabha for the last 05 years, thus arrears in respect of such revenue could not be verified.	Actions should be taken to bill and collect revenue.	Action will be taken to bill and collect revenue in future periods.

## 2.2.3 Rentals

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Audit Observations	Recommendations	Comments of the Accounting Officer
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(a) No action had been taken to recover arrears of stall rent totalling Rs. 30,550 in the year under review	Action should be taken by the Sabha to recover arrears of stall rent.	Action is being taken to recover.
(b) No action had been taken to recover arrears of lease totalling Rs. 101,600 in the year under review	Action should be taken by the Sabha to recover arrears of lease.	Action will be taken to recover.

#### 2.2.4 License Fees

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<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comment of the Accounting Officer</b>
----- No action had been taken to recover trade license fees of Rs. 88,000 for telecommunication towers located under the purview of the Sabha.	----- Action should be taken by the Sabha to recover license fees for telecommunication towers.	----- Letter had been forwarded to pay license fees.

#### 2.2.5 Other Revenue

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<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comment of the Accounting Officer</b>
----- No action had been taken to recover arrears of other revenue totalling Rs. 764,955 in the year under review.	----- Action should be taken by the Sabha to recover arrears of other revenue.	----- Letter had been forwarded to pay license fees.

### 3. Operating Review

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#### 3.1 Performance

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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

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<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comment of the Accounting Officer</b>
----- By-laws were required to be enacted for 30 main functions in terms of section 126 of the Pradeshiya Sabhas Act. However, by-laws had not been enacted even as at 31 December 2018.	----- Action should be taken as per said Act.	----- Not replied.

**(b) Action Plan**  
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<b>Audit Observation</b> -----	<b>Recommendation</b> -----	<b>Comment of the Accounting Officer</b> -----
An annual action plan had not been prepared in respect of 30 activities to be implemented by the Sabha.	An annual action plan should be prepared in respect of 30 activities to be implemented by the Sabha.	Not replied.

**(c) Solid Waste Management**  
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<b>Audit Observations</b> -----	<b>Recommendations</b> -----	<b>Comments of the Accounting Officer</b> -----
(i) A relevant area had been selected for disposing solid wastes. However, it was observed that solid wastes were collected and set on fire without being segregated as per national policies. Further, the daily collection of garbage had not been cut in to pieces and covered with soil in the area of dumping garbage.	Action should be taken to segregate and collect garbage and they should be cut in to pieces and covered with soil in the area of dumping garbage.	Respective action is being taken in respect collection of solid wastes.
(ii) Covered vehicles had not been used for collecting solid wastes and garbage had been collected in open vehicles, thus there were health issues to the public when they travel on roads and more garbage had been dumped on the roads by the vehicles.	Action should be taken to use covered vehicles for collecting solid wastes without affecting the environment.	Open vehicle is used due to collect garbage in less quantity.
(iii) Sanitary labourers who were employed in solid waste activities had not been subjected to medical test by the Sabha from time to time.	Sanitary labourers should be subjected to medical test from time to time.	Application had been forwarded to the Medical Officer to subject to medical test.

**(d) Environmental Issues**  
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<b>Audit Observation</b> -----	<b>Recommendation</b> -----	<b>Comment of the Accounting Officer</b> -----
No actions had been taken to spray mosquito oil for preventing spread of mosquitos and flees and to prevent bad smell in the area selected for disposing solid wastes.	Respective actions should be taken.	Mosquito oil is being sprayed now.

**3.2 Management Inefficiencies**  
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<b>Audit Observations</b> -----	<b>Recommendations</b> -----	<b>Comments of the Accounting Officer</b> -----
(a) 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	Actions should be taken to recover cemetery tax.	Respective action will be taken.
(b) No action had been taken to carry out reassessment and recover assessment tax on property.	Reassessment of assets should be carried out.	It is not appropriate to recover assessment tax on property in Delft area. As such assessment tax on property had not been recovered.

**3.3 Human Resources Management**  
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<b>Audit Observation</b> -----	<b>Recommendation</b> -----	<b>Comment of the Accounting Officer</b> -----
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.	Actions should be taken to fill vacancies of the cadre.	Actions is being taken to fill the vacancies.

**3.4 Assets Management**  
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**3.4.1 Assets not acquired**  
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<b>Audit Observation</b> -----	<b>Recommendation</b> -----	<b>Comment of the Accounting Officer</b> -----
No action had been taken to transfer ownership of 16 vehicles being used by the Sabha.	Action should be taken to transfer ownership of the vehicles to the Sabha.	Action is being taken to transfer ownership of the vehicles.

**3.4.2 Idle Assets**  
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<b>Audit Observation</b> -----	<b>Recommendation</b> -----	<b>Comment of the Accounting Officer</b> -----
A water bowser had remained idle in the Sabha for the last 06 years without being used.	Assets of the Sabha should be used efficiently.	Action is being taken to dispose that bowser.

**3.5 Procurement**  
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**3.5.1 Procurement Plan**  
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<b>Audit Observation</b> -----	<b>Recommendation</b> -----	<b>Comment of the Accounting Officer</b> -----
A procurement plan for every year had not been prepared for services as per stated in the Procurement Guideline 4.2.	A procurement plan should be prepared as per an approved format.	Not replied.

**4. Accountability and Good Governance**  
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**4.1 Budgetary Control**  
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<b>Audit Observation</b> -----	<b>Recommendation</b> -----	<b>Comment of the Accounting Officer</b> -----
Recurrent expenditure such as travel expenses, repair of capital assets, grants, aid funds and pensions including in the budget of the Sabha had been saved more per cent from actual expenditure, thus the budget was inefficient.	Respective actions should be taken to plan the budget properly.	Not replied.