

**Vavuniya North Pradeshiya Sabha  
Vavuniya District**

-----

**1. Financial Statements**

-----

**1.1 Presentation of Financial Statements**

-----

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**

-----

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 Vavuniya North 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**

-----

**(a) Presentation of Financial Statements**

-----

**Audit Observation**

-----

**Recommendation**

-----

**Comment of the  
Accounting Officer**

-----

As per Sub section 16(2) of the National Audit Act No. 19 of 2018, an annual performance report had not been presented along with the financial statements.

It should be adhered to the National Audit Act.

Action will be taken to submit an annual performance report with the financial statements in ensuing year.

**(b) Accounting Policies**

-----

**Audit Observation**

-----

**Recommendation**

-----

**Comment of the  
Accounting Officer**

-----

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

Accounting policies should be should be disclosed in the financial statements.

Accounting policies to be adopted in preparing and submitting the financial statements of the Sabha will be

disclosed and rectified in ensuing year.

(c) **Accounting Deficiencies**  
-----

| <b>Audit Observation</b><br>-----   | <b>Recommendation</b><br>-----  | <b>Comment of the Accounting Officer</b><br>-----   |
|---|---|---|
| (i) Values of all furniture and fittings, office equipment and plants of the Sabha had not been stated and disclosed in the accounts.       | Values of all assets of the Sabha should be stated and disclosed in the financial statements.     | Values of all assets of the Sabha had not been assessed, thus it had not been disclosed in the financial statements. It should be disclosed and rectified in the financial statements in ensuing year.  |
| (ii) Interest income of one fixed deposit of the Sabha for the year under review had not been shown in the revenue and expenditure account. | Interest income for the year under review should be shown in the revenue and expenditure account. | There are ten fixed deposits totally in the Sabha. Out of that, interest of 02 accounts had been deposited in the current account of the Sabha monthly. Maturity period of Account No. 2449422 is 2021, thus interest will be received in 2021. |

(d) **Lack of Written Evidences for Audit**  
-----

| <b>Audit Observation</b><br>-----   | <b>Recommendation</b><br>-----                     | <b>Comment of the Accounting Officer</b><br>-----  |
|---|--|--|
| Four account items valued at Rs. 107,245,205 could not be satisfactorily vouched or accepted in audit due to non-submission of land deeds and fixed assets registers. | Certifying evidences should be submitted to audit. | Applications had been forwarded to the Divisional Secretary for obtaining land documents. However, no any documents had been received and Actions will be taken to maintain fixed assets register. |

## 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  |
|--|--|---|---|
| (a) Section 93 of Pradeshiya Sabhas Act No. 15 of the year 1987  | Activities of waste management had not been carried out by the Sabha by provisions of laws.  | Waste management should be included in the annual plan. | It will be implemented in ensuing year.   |
| (b) Sections XI and XII of Interim Provisions of Law enacted under the Local Authorities Ordinance No. 6 of 1952 | An annual plan had not been prepared by including waste management.  |   | It will be implemented in ensuing year.   |
| (c) National Environmental Act No. 47 of 1980  | Actions had not been taken in respect of solid waste management.   | Should act in terms of instructions of Act.             | It will be implemented in ensuing year.   |
| (d) Pradeshiya Sabhas (Financial and Administrative) Rule of the year 1988                                       |  |   |   |
| (i) Rule No. 59  | A survey in respect of trade tax had not been carried out by the revenue inspector, revenue supervisor or any other officer who was authorized by the chairman under the purview of the Sabha in the beginning of every year and a schedule in respect of trades had not been prepared in terms section 150(1) of Pradeshiya Sabha Act No. 15 of the year 1987, thus action had not been taken to recover trade taxes. | Should act in terms of Pradeshiya Sabhas Rule.          | A schedule in respect of trades will be prepared in future periods and action will be taken to recover trade taxes. |
| (ii) Rule No. 218  | All lands and buildings had not been examined by the Chairman at least once in every year.   | Should act in terms of Pradeshiya Sabhas Rule.          | They had not been examined due to failure to obtain land documents.   |
| (iii) Rule No. 33  | A survey in respect of assessment tax had not been carried out.  | Should act in terms of Pradeshiya Sabhas Rule.          | Activities of initial stage are being carried out.  |
| (iv) Section 32 of Part III  | A register of assessment tax on property had not been maintained for the year under review.  | Should act in terms of Pradeshiya Sabhas Rule.          | A register had not been maintained due to failure to recover assessment tax on property.                            |
| (e) Establishment Code of the Democratic Socialist Republic of Sri Lanka   |  |   |   |

|     |   |   |   |  |
|-----|---|---|---|--|
|     | Section 4 of Chapter XXIV   | No meaningful actions had been taken to recover loans totalling Rs. 94,384 paid to 02 officers of the Sabha for over the last 05 years.   | Should act in terms of relevant rules/ circular instructions.   | It could not be communicated with said persons.  |
| (f) | Financial Regulations of the Democratic Socialist Republic of Sri Lanka                         |   |   |  |
|     | (i) Financial Regulation 110  | Registers in respect of losses had not been maintained.   | Action should be taken in terms of financial regulations.       | It will be maintained in future periods.   |
|     | (ii) Financial Regulation 571   | Action had not been taken in respect of lapsed deposits.  | Action should be taken in terms of financial regulations.       | Actions will be taken in respect of lapsed deposits.   |
|     | (iii) Financial Regulation 891  | Register of security money had not been maintained.   | Action should be taken in terms of financial regulations.       | It will be maintained in future periods.   |
| (g) | Procurement Guideline of the Democratic Socialist Republic of Sri Lanka Section 178(3)          | A register including names of community based organizations and community centers which carry out contract works effectively had not been prepared.   | Should act in terms of Procurement Guidelines and instructions. | It will be maintained in future periods.   |
| (h) | Section IV of paragraph 02 of Public Administration Circular No. 09/2009 of 16 April 2009       | If it is based on time to pay allowances such as overtime and holiday pay which were being paid based on time after permanent duty hours, such times should be confirmed by the finger scanner. However, overtime and holiday pay totalling Rs. 423,117 had been paid without being confirmed by the finger scanner of the Sabha. | Should act in terms of circular instructions.                   | Overtime and holiday payment are being made in considering finger scanner since the year 2019. |
| (i) | Paragraph 03 of Public Administration Circular No. 30/2016 of 29 December 2016                  | Fuel consumption should be tested once in every year by filling fuel in tank fully and running the vehicle. However, actions had not been taken accordingly.  | Should act in terms of the circular instructions.               | Fuel consumption will be tested for vehicles in every year since the year 2019.                |
| (j) | Treasury Circular No. IAI/2002/02 of 28 November 2002   | Register in respect of computer and its accessories had not been maintained.  | Should act in terms of the circular instructions.               | It will be maintained in future periods.   |
| (k) | Asset Management Circular No. 01/2017 of 28 June 2017 of the Ministry of Finance and Mass Media | A fixed assets register had not been maintained and action had not been taken to subject to documentation of all assets of the Sabha.   | Should act in terms of the circular instructions.               | Action is being taken to maintain a fixed asset register and subject to documentation also.    |

## 1.4.2 Noncompliance with Tax Requirements

---

| <b>Audit Observations</b>  | <b>Recommendations</b>   | <b>Comments of the Accounting Officer</b>                             |
|--|--|---|
| At transactions in respect of Value Added Tax (VAT) of the Sabha, Value Added Tax amount on goods or construction works should be paid to the registered contractors or suppliers as per Section 5.4.12 of Procurement Guideline of 2006. Details of such payments should be forwarded to the Commissioner General of Inland Revenue with a copy of Auditor General on or before 15 <sup>th</sup> day of the following month. Payments of Value Added Tax amounting to Rs. 637,020 had not been informed to audit. | Should act as per instructions of Value Added Tax and Procurement Guideline. | Actions had been taken to submit report on VAT of the Sabha to audit. |

## 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 2018 amounted to Rs. 12,014,163 as compared with the corresponding the revenue over recurrent expenditure of the preceding year amounted to Rs. 14,529,883.

### 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 |
| --                  | --                | --                | --                | --                              | --                | --                | --                | --                              |
|                     | Rs.               | Rs.               | Rs.               | Rs.                             | Rs.               | Rs.               | Rs.               | Rs.                             |
| (i) Rates and Taxes | -                 | -                 | -                 | -                               | -                 | -                 | -                 | -                               |
| (i) Rentals         | 5,083,000         | 8,193,746         | 5,428,263         | 2,765,483                       | 4,270,000         | 6,248,305         | 5,174,410         | 1,073,895                       |
| (ii) License Fees   | 940,000           | 793,166           | 793,166           | -                               | 725,000           | 3,390,165         | 3,390,125         | -                               |
| (iii) Other Revenue | 9,237,000         | 11,709,798        | 5,902,629         | 5,807,169                       | 8,265,000         | 14,530,648        | 9,645,776         | 4,884,872                       |
| <b>Total</b>        | <b>15,260,000</b> | <b>20,696,710</b> | <b>12,124,058</b> | <b>8,572,652</b>                | <b>13,260,000</b> | <b>24,169,118</b> | <b>18,210,351</b> | <b>5,958,767</b>                |

## 2.2.2 Performance in Collection of Revenue

| Audit Observations   | Recommendations  | Comments of the Accounting Officer   |
|--|--|--|
| (a) Action had not been taken by the Sabha to recover a sum of Rs. 20,563,277 receivable from revenue debtors even as at 31 December 2018.   | Action should be taken by the Sabha to recover revenue in due periods.       | It was instructed to respective parties to settle all arrears other than grant, court fine, stamp duty.                                |
| (b) No meaningful action had been taken by the Sabha to recover arrears of revenue of Rs. 8,572,652 as at 31 December 2018.  | Relevant actions should be taken by the Sabha to recover arrears of revenue. | It was instructed to respective parties to settle all arrears other than grant, court fine, stamp duty.                                |
| (c) Budget estimate had not been prepared properly and estimate had not been planned and programmed in a proper manner, thus variances ranging from Rs. 40,870 to Rs. 7,097,844 between the budgeted revenue and actual revenue were incurred. | Budget should be prepared properly.  | Unexpected revenue had been received and budget in respect of grants had been prepared for total staffs, thus variances were incurred. |

### 2.2.3 Rates and Taxes

-----

| <b>Audit Observation</b>   | <b>Recommendation</b>   | <b>Comment of the Accounting Officer</b>   |
|--|---|--|
| -----<br>It was observed that a register of assessment tax on property had not been maintained by the Sabha in terms of Section 32 of Chapter III of Pradeshiya Sabhas (Financial and Administrative) Rule of the year 1988. | -----<br>Actions should be taken by the Sabha to maintain a register of assessment tax on property in terms of instructions of Pradeshiya Sabhas (Financial and Administrative) Rule. | -----<br>General public didn't have relevant land document and land value had not been updated, thus assessment tax on property could not be recovered. However, necessary actions had been taken to collect data from Divisional Secretaries for initial activities of recovering assessment tax. |

### 2.2.4 Rentals

-----

| <b>Audit Observations</b>  | <b>Recommendations</b>   | <b>Comments of the Accounting Officer</b>  |
|--|--|--|
| -----  | -----  | -----  |
| (a) No meaningful actions had been taken by the Sabha to recover arrears rental of all stalls under the purview of the Sabha.    | Actions should be taken by the Sabha to recover rental of all stalls.  | Respective parties had been instructed to settle the arrears.  |
| (b) Arrears of stall rental totalling Rs. 1,565,690 under the purview of the Sabha had not been recovered for the last 04 years. | Actions should be taken by the Sabha to recover arrears of stall rental and action should be taken to use these stalls properly. | Even though tender notice and re-tender notices had been published for said shopping complex in many instances, no one had submitted bids. However, stall contracts had also been cancelled for market stalls which had not paid nonrefundable deposits. |
| (c) Arrears of stall lease totalling Rs. 20,883 under the purview of the Sabha had not been recovered for the year under review. | Arrears of stall lease under the purview of the Sabha should be recovered for the year under review.                             | Respective parties had been instructed to settle the arrears.  |

- |   |  |   |
|---|--|---|
| (d) Arrears of ground rent totalling Rs. 229,050 under the purview of the Sabha had not been recovered. | Arrears of ground rent under the purview of the Sabha should be recovered. | Respective parties had been instructed to settle the arrears. |
|---|--|---|

**2.2.5 License Fees**

| -----<br><b>Audit Observation</b><br>-----   | -----<br><b>Recommendation</b><br>-----                            | -----<br><b>Comment of the<br/>Accounting Officer</b><br>-----   |
|--|--|--|
| Trade licenses had been issued to 243 institutions only and action had not been taken to issue trade licenses to all other institutions. | Action should be taken to issue trade license to all institutions. | Trade licenses had been issued to 243 trade centers under the purview of the Sabha in the year under review. However, license had not been issued to the remaining trade centers due to lack of recommendation of Public Health Inspector. It had been informed to the respective trade centers by letter. |

**2.2.6 Other Revenue**

| -----<br><b>Audit Observation</b><br>-----   | -----<br><b>Recommendation</b><br>-----   | -----<br><b>Comment of the<br/>Accounting Officer</b><br>----- |
|--|---|--|
| No meaningful actions had been taken to recover fines in respect of arrears of stall rent. | Actions should be taken to recover fines. | It was instructed to recover fines.                            |

**2.2.7 Court Fines and Stamp Fees**

**(a) Court Fines**

| -----<br><b>Audit Observation</b><br>-----  | -----<br><b>Recommendation</b><br>-----        | -----<br><b>Comment of the<br/>Accounting Officer</b><br>-----  |
|---|--|---|
| Court fines totalling Rs. 6,461,470 had to be received from the Chief Secretary of the Provincial Council and all authorities as at 31 December 2018. | Action should be taken to recover court fines. | A request had been forwarded to the Provincial Department of Inland Revenue to receive Court fines by letter. |



**(b) Stamp Fees**  
-----

| <b>Audit Observation</b><br>-----  | <b>Recommendation</b><br>-----                | <b>Comment of the Accounting Officer</b><br>-----  |
|--|---|--|
| Stamp fees totalling Rs. 951,750 had to be received from the Chief Secretary of the Provincial Council and all authorities as at 31 December 2018. | Action should be taken to recover stamp fees. | A request had been forwarded to the Provincial Department of Inland Revenue to receive stamp duties by letter. |

**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**  
-----

| <b>Audit Observation</b><br>-----  | <b>Recommendation</b><br>-----  | <b>Comment of the Accounting Officer</b><br>-----  |
|--|---|--|
| 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 not been enacted even by 31 December 2018. | By-laws should be enacted in respect of 30 main functions in terms of section 126 of the Pradeshiya Sabhas Act. | By-law of the Northern Province published on 05 September 2018 had been accepted by the Sabha on 07 June 2019. |

**(b) Action Plan**  
-----

| <b>Audit Observation</b><br>-----  | <b>Recommendation</b><br>-----                         | <b>Comment of the Accounting Officer</b><br>-----      |
|--|--|--|
| An annual action plan had not been prepared in respect of activities to be implemented by the Sabha. | An annual action plan should be prepared by the Sabha. | It was instructed to prepare a plan in future periods. |

(c) **Delays in completing Activities**  
-----

| <b>Audit Observation</b><br>-----  | <b>Recommendation</b><br>-----  | <b>Comment of the Accounting Officer</b><br>-----  |
|--|---|--|
| Seven contract works carried out by the Sabha had not been completed in the year under review. However, reasons therefor had not been made available to audit. | Action should be taken to complete works planned within the due period. | It was instructed contractors to complete such works. However, the period was extended due to abnormal situations. |

(d) **Solid Waste Management**  
-----

The following deficiencies were observed in respect of solid wastes.

| <b>Audit Observations</b><br>-----   | <b>Recommendations</b><br>-----  | <b>Comments of the Accounting Officer</b><br>-----                           |
|--|--|--|
| (i) Environmental license had not been obtained for the places of disposing garbage.   | A solid waste management should be established properly and actions should be taken to regularize wastes separately and subject to reuse and recycle them and produce a natural fertilizer by implementing without being affected environment. | Action is being taken to obtain license.                                     |
| (ii) Sanitary labourers had not been subjected to medical test annually  |  | Medical test will be made in future periods.                                 |
| (iii) Garbage had not been categorized separately and collected.   |  | Action is being taken to categorize and collect garbage separately.          |
| (iv) A work plan for categorizing garbage being brought to the dumping place of garbage of the Sabha had not been implemented. |  | Plan is being prepared to take action to collect garbage separately.         |
| (v) Solid wastes had been set on fire in order to damage the environment without being subjected to recycling.                 |  | Adequate facilities and fund had not been available to subject to recycling. |
| (vi) Interim law had not been enacted in respect of solid waste management.  |  | Law and rules will be followed in future periods.                            |

- |   |   |
|---|---|
| (vii) A waste management plan had not been prepared.  | An activity plan is being prepared.                             |
| (viii) No action had been taken to take garbage by categorizing and collecting them separately in bags from stalls and residents under the purview area of the Sabha. | Garbage had not been collected adequately to make categorizing. |

**(e) Sustainable Development Goals**  
-----

| <b>Audit Observation</b><br>-----   | <b>Recommendation</b><br>-----                              | <b>Comment of the Accounting Officer</b><br>----- |
|---|---|---|
| No actions had been in respect of preparedness of the Sabha to achieve sustainable development targets in terms of the Circular No. A.S.General/2018/61 of 23 April 2018. | Action should be taken as per instructions of the circular. | It had not been informed.                         |

**3.2 Management Inefficiencies**  
-----

| <b>Audit Observations</b><br>-----   | <b>Recommendations</b><br>-----                            | <b>Comments of the Accounting Officer</b><br>-----  |
|--|--|---|
| (a) Ten fixed deposit balances of the Sabha valued at Rs. 33,601,810 for the year ended as at 31 December 2018 had remained as deposits continuously without being used for intended purposes. | Fixed deposits should be used for intended purposes.       | At beginning period, out of reimbursed salary amount for the total staffs, an excess amount had been deposited as 06 fixed deposits without being stated purpose. Four other fixed deposits had not been closed due to failure to achieve objectives thereof. |
| (b) No meaningful actions had been taken to settle a sum of Rs. 16,545,147 payable to the creditors even as at 31 December 2018.   | Action should be taken to settle said amount to creditors. | Payments of Rs. 16,097,150.28 for noncompleted contract works and invoices of expenditure for the month of December of the year under   |

review had not been received. As such a sum of Rs. 447,996.90 had not been settled.

### 3.3 Human Resources Management

| Audit Observation   | Recommendation   | Comment of the Accounting Officer   |
|---|--|---|
| <b>(a) Vacancies of Cadre</b>   |  |   |
| Eleven staff vacancies of the Sabha had not been filled as at 31 December 2018.   | Staff vacancies should be filled.                                | A request had been forwarded to the Deputy Chief Secretary, Administration. |
| <b>(b) Employee Security Deposits</b>   |  |   |
| No meaningful actions had been taken to recover loans totalling Rs. 94,384 paid to 02 officers of the Sabha for over the last 05 years. | Action should be taken to recover loans in due period regularly. | It could not be communicated with relevant officers.                        |

### 3.4 Assets Management

#### 3.4.1 Failure in carrying out Maintenance and Repairing

| Audit Observation   | Recommendation   | Comment of the Accounting Officer   |
|---|--|---|
| No actions had been taken to repair and use a motorcycle bearing No. EP HR 2742 and a three-wheeler bearing No. NP QR 6033 of the Sabha for a long period in a usable manner up to now. | Relevant actions should be taken to repair as a usable manner or destroy it. | Motorcycle bearing No. EPHR 2742 had been issued the period of combined North-East Province. Application for getting approval had been forwarded for destroying it. |

### 3.4.2 Assets not acquired

-----

| Audit Observations   | Recommendations  | Comments of the Accounting Officer   |
|--|--|--|
| -----  | -----  | -----  |
| (a) According to the financial statements presented, Disclosures had not been made in respect of land and buildings belonging to the Sabha and a register in respect of land and buildings had not been maintained properly. Ownership of such assets belonging to the Sabha had not been certified by verifying land and buildings regularly as well. | Action should be taken to transfer ownership to the Sabha. | Applications for obtaining land deeds had been forwarded to the Divisional Secretary. However, no any documents had been received. |
| (b) No actions had been taken to transfer ownership of 07 vehicles donated to the Sabha, to the Sabha.   | Action should be taken to transfer ownership to the Sabha. | Action is being taken to transfer ownership of vehicles which ownership was not transferred.                                       |

### 3.4.3 Idle Assets

-----

| Audit Observation  | Recommendation                                      | Comment of the Accounting Officer  |
|--|---|--|
| -----  | -----   | -----  |
| (a) No actions had been taken by the Sabha to use a bus stand constructed at a cost of Rs. 26,137,591 and handed over to the Sabha on 12 August 2011 by Emergency Northern Recovery project up to now. | Action should be taken to use for intended purpose. | A tender had been called for using bus stand building in many instances. However, stalls had remained idle.                                    |
| (b) No action had been taken by the Sabha to use an electric motor obtained as a donation in the year 2017.  | Action should be taken to use for intended purpose. | It had been obtained instead of electric motor fixed under Maruthodai water supply scheme. It had not been obtained as a donation. It had been |

obtained as per estimate.

### 3.4.4 Annual Board of Survey

-----

| Audit Observation<br>-----   | Recommendation<br>-----                                   | Comment of the<br>Accounting Officer<br>----- |
|--|---|---|
| (a) Report on annual board of survey for the year under review had been submitted in terms of Financial Regulation 756. However, actions to be taken in terms of Financial Regulation 757 had not been taken.            | Action should be taken in terms of Financial Regulations. | It was instructed to implement.               |
| (b) Action had not been taken in respect of 16 categories of goods stated as unusable in the report on annual board of survey of the preceding year in terms of the public finance circular No. 438 of 13 November 2009. | Should act as per circular instruction.                   | It was instructed to implement.               |

### 3.5 Procurement

-----

#### 3.5.1 Procurement Plan

-----

| Audit Observation<br>-----   | Recommendation<br>-----                               | Comment of the Accounting<br>Officer<br>-----   |
|--|---|---|
| Procurement activities for a sum of Rs. 362,019 had been made in the year under review. However, a procurement plan had not been prepared. | Action should be taken to prepare a procurement plan. | A procurement plan had not been prepared. However, furniture had been purchased by following proper quotation system. |

#### 3.5.2 Contract Administration

-----

| Audit Observation<br>-----   | Recommendation<br>-----                                | Comment of the<br>Accounting Officer<br>-----                                  |
|--|--|--|
| (a) Fifteen contract works valued at Rs. 803,274 budgeted for the year under | Action should be taken to complete the work within the | Relevant contractors had been instructed to complete the works as per contract |

review by the Sabha had not been completed in the year under review.

contract period.

rules. However, it could not be completed due to bad weather and other reasons.

(b) Two contract works valued at Rs. 61,098 commenced without being budgeted had not been completed in the year under review.

Action should be taken to make budget and complete the contract works.

It had been done as per decision of the Sabha as it was essential.

#### 4. Accountability and Good Governance

-----

##### 4.1 Budgetary Control

-----

###### Audit Observation

-----

Budget estimate had not been prepared properly and estimate had not been planned and programmed in a proper manner, thus variances ranging from Rs. 11,038 to Rs. 7,527,351 between the budgeted expenditure and actual expenditure were incurred.

###### Recommendation

-----

Budget should be made use of as an efficient control instrument.

###### Comment of the Accounting Officer

-----

It was instructed to prepare budget by comparing properly in future periods.