

**Maritimepattu Pradeshiya Sabha  
Mullaitivu 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 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 13 July 2020 and 05 October 2020 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 Maritimepattu 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**

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**(a) Accounting Policies**

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<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comment of the Accounting Officer</b>
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Accounting policies to be adopted in preparing the financial statements of the Sabha and in submitting them to the audit had not been disclosed in the financial statements for the year under review.	Actions should be taken by the Sabha to disclose accounting policies adopted in preparing the financial statements, in the financial statements.	The financial statements of the Sabha for the year 2019 had been prepared based on accrual accounting policy of Wickramanayakka. When preparing the financial statements for the year 2020, accounting policies for every item will be submitted in the board and obtained approval and applied. Further, it will also be disclosed in the financial statements in future.

**(b) Significant Accounting Deficiencies**

<b>Audit Observations</b>	<b>Recommendations</b>	<b>Comments of the Accounting Officer</b>
<p>(i) The values of 17 vehicles belonging to the Sabha had not been assessed and brought to financial statements for the last 01 to 03 years, thus values thereof had been understated in the financial statements for the year under review.</p>	<p>Relevant actions should be taken by the Sabha to assess the values of these vehicles and brought to financial statements.</p>	<p>Action will be taken to include the values in the annual financial statements for the year 2020.</p>
<p>(ii) The value of two thousand three hundred and thirty office equipment totalling Rs. 3,385,092 had been shown as furniture and fittings in the financial statements for the year under review, thus the value of the furniture and fittings had been overstated by Rs. 3,385,092 whereas the value of the office equipment had been understated.</p>	<p>Relevant actions should be taken by the Sabha to rectify and show in the financial statements.</p>	<p>Above mentioned deficiencies will be rectified and disclosed in the financial statements in current year.</p>
<p>(iii) The value of six plant and machinery equipment totalling Rs. 397,000 had been shown as furniture and fittings in the financial statements for the year under review, thus the value of the furniture and fittings had been overstated by Rs. 397,000 in the financial statements whereas the value of the machinery equipment had been understated.</p>	<p>Relevant actions should be taken by the Sabha to rectify and show in the financial statements.</p>	<p>Above mentioned deficiencies will be rectified and disclosed in the financial statements in current year.</p>
<p>(iv) The value of forty two computers and accessories totaling Rs. 364,380 had been shown as furniture and fittings in the financial statements for the year under review, thus the value of the furniture and fittings had been overstated by Rs. 364,380 in the financial statements whereas the value of the computers and accessories had been understated.</p>	<p>Relevant actions should be taken by the Sabha to rectify and show in the financial statements.</p>	<p>Above mentioned deficiencies will be rectified and disclosed in the financial statements in current year.</p>

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| (v)    | The value of seven hundred and eighty six office equipment totalling Rs. 3,004,330 had been shown as plant and machineries in the financial statements for the year under review, thus the value of the plant and machineries had been overstated by Rs. 3,004,330 in the financial statements whereas the value of the office equipment had been understated. | Relevant actions should be taken by the Sabha to rectify and show in the financial statements.   | Action is being taken in respect of correcting the observations pointed out in said areas in the financial statements. |
| (vi)   | The value of eighty computers and accessories totalling Rs. 2,341,465 had been shown as plant and machineries in the financial statements for the year under review, thus the value of the plant and machineries had been overstated by Rs. 2,341,465 in the financial statements whereas the value of the computers and accessories had been understated.     | Relevant actions should be taken by the Sabha to rectify and show in the financial statements.   | Action is being taken in respect of correcting the observations pointed out in said areas in the financial statements. |
| (vii)  | The value of three office vehicles totalling Rs. 44,580 had been shown as plant and machineries in the financial statements for the year under review, thus the value of the plant and machineries had been overstated by Rs. 44,580 in the financial statements whereas the value of the vehicles had been understated.                                       | Relevant actions should be taken by the Sabha to rectify and show in the financial statements.   | Action is being taken in respect of correcting the observations pointed out in said areas in the financial statements. |
| (viii) | Stamp duties totaling Rs. 3,896,185 for the year 2017 received to the Sabha from the Chief Secretary, Northern Province in the year under review had not been brought to the financial statements of the Sabha for the last three years.   | Relevant actions should be taken by the Sabha to make internal control system over the revenue efficiently and bring this revenue to the accounts properly and show in the financial statements. | Not replied.   |

(c) **Lack of written Evidences for Audit**

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<b>Audit Observations</b>	<b>Recommendations</b>	<b>Comments of the Accounting Officer</b>
----- Balances of land and buildings, wells, revenue debtors and sundry creditors account totalling Rs. 224.72 million could not be satisfactorily vouched or accepted in audit due to non-submission of land deeds, land survey maps, valuation certificates, historical cost sheets, work files and balance confirmations to the audit.	----- Meaningful actions should be taken by the Sabha to obtain and file above mentioned written documents properly.	----- Actions are being taken to obtain land deeds. Continuous actions will be taken once approval is obtained. The values of the buildings should be assessed newly, thus it will be carried out in future continuously. Documents in respect of public wells shown in the financial statements will be submitted for audit in current year.

**1.4 Non-compliances**

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**1.4.1 Non-compliances with Rules, Circulars and Regulations**

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<b>Reference to Rules, Circulars and Regulations</b>	<b>Non-compliances</b>	<b>Recommendations</b>	<b>Comments of the Accounting Officer</b>
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(a) Pradeshiya Sabhas (Financial and Administrative) Rule of the year 1988			
(i) Section 24 of Chapter III	No actions had been taken by the Sabha to prepare and publish the schedules of roads and lanes belonging to the Sabha in the Government Gazette up to now.	Actions should be taken by the Sabha to prepare the schedules of roads and lanes belonging to the Sabha and publish in the Government Gazette in due period.	Actions will be taken to publish in the Government Gazette soon.
(ii) Section 33 of Chapter III	Actions had not been taken by the Sabha to carry out a survey in respect of assessment tax in due period.	Actions should be taken by the Sabha to carry out a survey in respect of assessment tax.	Actions in this regard will be taken soon.

(b) Financial Regulations  
of the Democratic  
Socialist Republic of Sri  
Lanka

(i) No. 110	A register on losses had not been maintained.	Action should be taken by the Sabha to update the registers up to date.	Action had been taken to maintain since current year.
(ii) No. 454(2)	A register on electrical equipment had not been maintained.	Actions should be taken by the Sabha to maintain the register on electrical equipment.	Action had been taken to maintain since current year.
(iii) No. 571	Retention money deposits in respect of 16 contract works carried out by 14 contractors, 07 refundable tender deposits, one rent deposit totalling Rs. 1,378,184 shown in the deposit account in the year under review had been retained in the general deposit account for a period from the last 01 to 04 years without being taken relevant action by the Sabha in this regard.	Meaningful actions should be taken by the Sabha through examining the lapsed deposits in due periods.	Four deposits totalling Rs. 305,623 had been refunded. Action had been taken to refund the deposits valued at Rs. 1,072,561.
(iv) No. 770 and 771	Follow up actions to be taken as per report on annual board of survey for the year under review had not been taken by the Sabha.	Actions in respect of completing annual board of survey activities should be taken in due periods.	Follow up actions could not be taken due to prevailing unusual situation in the country. It will be taken in upcoming days.
(v) No. 845(1)	A register of official telephones had not been maintained.	Actions should be taken by the Sabha to maintain the register of official telephones.	Action had been taken to maintain since current year.
(vi) No. 891(1)	A security register had not been maintained.	Actions should be taken by the Sabha to maintain the security register continuously properly.	Action had been taken to maintain since current year.

(c) Procurement Manual of the Democratic Socialist Republic of Sri Lanka Section 5.4.12	After paying Value Added Tax by the Sabha, details thereof had not been forwarded to the Commissioner General of Inland Revenue with a copy of Auditor General before 15th day of the following month.	Actions should be taken by the Sabha to forward the details of the Value Added Taxes which can be paid in a particular calendar month to the Commissioner General of Inland Revenue with a copy of Auditor General before 15th day of the following calendar month.	Action will be taken to forward within due periods since current year.	
(d) Treasury Circulars	(i) Treasury Circular No. 842 of 19 December 1978 and Financial Regulation 502(2)	A fixed assets register had not been maintained.	Meaningful actions should be taken by the Sabha to prepare and update the fixed assets register.	Action had been taken to maintain since current year.
	(ii) Treasury Circular No. IAI/2002/02 of 28 November 2002	A fixed assets register on computers, accessories and software had not been maintained.	Meaningful actions should be taken by the Sabha to prepare and update the fixed assets register on computers, accessories and software.	Action had been taken to maintain since current year.
(e) Government Procurement Guideline	(i) 2.11.2 of Government Procurement Guideline	An attendance register of the Procurement Committee and the Technical Evaluation Committee had not been maintained.	Relevant actions should be taken by the Sabha to maintain the attendance register of both Committee meetings continuously.	Action had been taken to maintain since current year.
	(ii) 2.14.1 of Government Procurement Guideline	It was observed 15 instances that the office equipment, machinery equipment, cleaning and vehicle repairs services	Procurements should be carried out by the Sabha in accordance with the relevant Procurement Guideline.	Actions had been taken to avoid taking place of above mentioned errors in future.

totalling Rs. 651,618 had been obtained from 07 suppliers by submitting bid documents directly to the suppliers under shopping method without forwarding bid documents to the suppliers by registered post.

- (iii) 5.2.1 of Government Procurement Guideline A register on calling for bids had not been maintained. Relevant actions should be taken by the Sabha to maintain the register on calling for bids continuously. Action had been taken to maintain since current year.

## 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. 28,361,154 as compared with the corresponding the revenue over recurrent expenditure of the preceding year amounted to Rs. 25,295,430.

### 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	2019				2018			
	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	587,500	367,360	367,360	-	442,500	441,223	441,223	-
(ii) Rentals	16,642,000	16,787,207	16,642,430	316,861	17,402,500	16,761,854	16,761,854	-
(iii) License Fees	1,894,650	2,134,340	2,134,340	-	1,541,400	2,328,704	2,328,704	-
(iv) Other Revenue	29,727,420	29,142,232	36,868,331	15,792,729	23,860,040	28,752,963	28,752,963	23,518,828
<b>Total</b>	<b>48,851,570</b>	<b>48,431,139</b>	<b>56,012,461</b>	<b>16,109,590</b>	<b>43,246,440</b>	<b>48,284,744</b>	<b>48,284,744</b>	<b>23,518,828</b>

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comment of the Accounting Officer</b>
<p>-----</p> <p>Arrears of revenue totalling Rs. 16,036,091 shown in the financial statements as at 31 December 2019 had been examined by comparing with the arrears of revenue totalling Rs. 23,690,912 as at 01 January 2019, total billed revenue for the year under review amounting to Rs. 48,431,139 and total revenue collected in the year under review and closing arrears of revenue had not been obtained when their reliability and correctness was rectified by comparing with opening arrears of revenue, billed revenue, collected revenue shown in the statements of accounts in the year under review and the preceding years, thus it could not be satisfactorily vouched or accepted in audit.</p>	<p>-----</p> <p>Accounts should be prepared by reconciling and showing arrears of revenue unrecovered in the end of the year under review and relevant actions should also be taken by the Sabha to bring such amount to the financial statements properly.</p>	<p>-----</p> <p>Recurrent revenue including revenue grant for the year 2019 was Rs. 85,574,281.24. Out of that, unrecovered revenue up to 31.12.2019 was Rs. 12,787,279.02 (except revenue grant). Out of that, a sum of Rs. 144,777.04 had been recovered in current year. Letters had been forwarded to relevant offices to recover balance of Rs. 12,787,279.02. Action will be taken to recover them in current year. Further, revenue for the year 2018 of Rs. 20,368,600.61 (except revenue grant) had been received in the year 2019. Stamp duty details receivable from Vavuniya in the year 2017 had not been received by us in due period, thus a sum of Rs. 3,896,184.60 had not been shown as revenue in the accounts for the same year. That amount had been received in last month of January and shown as revenue in the statement of revenue and expenditure for the current year.</p>

### 2.2.2 License Fees

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comment of the Accounting Officer</b>
<p>-----</p> <p>It was observed that four categories of charges such as issuing development licenses, initial plan approval, issuing conformity</p>	<p>-----</p> <p>Meaningful actions should be taken by the Sabha to compute and recover arrears of</p>	<p>-----</p> <p>It could not be recovered due to above mentioned telecommunication towers constructed in the army</p>



certificates and covering approval in respect of 11 telecommunication towers constructed under the purview area of the Sabha had not been recovered in terms of the extra ordinary gazette notification no. 1597/8 dated 17 April 2009. A total sum of such fees had not been computed and brought to financial statements.

revenue belonging to the Sabha and recover such charges from relevant parties annually and bring them to the financial statements of the Sabha.

camps before resettlement period. However, letters had been forwarded to the Companies which relate to them. Charges will be recovered in the current year as per extra ordinary gazette notification dated 17 April 2009.

### 2.2.3 Court Fines and Stamp Fees

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<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comment of the Accounting Officer</b>
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<p>Court fines and stamp fees totalling Rs. 12,949,400 and Rs. 2,843,330 respectively had to be received from the Chief Secretary of the Provincial Council and all authorities as at 31 December 2019.</p>	<p>Meaningful actions should be taken by the Sabha to obtain from the Chief Secretary, Northern Province within the due periods.</p>	<p>Letters had been forwarded to the relevant offices for recovering arrears of Rs. 15,792,730 as at 31 December 2019. Action will be taken to obtain them in current year. Stamp duty of Rs. 1,356,993 had been received from the Treasury, Northern Province on 29 May 2020.</p>

## 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) Failure to achieve expected Output

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<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comment of the Accounting Officer</b>
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<p>Provision of Rs. 9,703,439 had been made in sundry creditors account for the performance of 11 road rehabilitation activities</p>	<p>Meaningful actions should be taken by the Sabha to prepare budget of the Sabha and action</p>	<p>Five work schemes valued at Rs. 2,807,030 had been completed. Four work schemes will be</p>

mentioned in the action plan and shown as expenditure in the year under review. However, the Sabha had failed to take actions to achieve expected output level up to date.

plan for the year in an efficient manner and complete such projects within due periods in accordance with them.

completed within the end of the month of June. One work scheme had been stopped. One work scheme was delay in obtaining approval.

**(b) Failure to achieve expected Outcomes**

Audit Observation	Recommendation	Comment of the Accounting Officer
Expected outcomes had been achieved by incurring a sum of Rs. 10,571,160 for the performance of two activities mentioned in the action plan. However, expected outcomes such as children's hobbies and marketing had not been achieved by them for the last 04 to 05 years.	Meaningful actions should be taken speedily to obtain expected outcome for the value of money which was utilized on such projects.	It was planned to change the Unnappilavu children park as a canteen. Action had been taken to carry out a stall within the weekly fair building.

**(c) Sustainable Development Goals**

Audit Observation	Recommendation	Comment of the Accounting Officer
In order to achieve Sustainable Development Goals by 2030, no meaningful actions had been taken by the Sabha to establish targets to be achieved and gaps in achieving those goals and relevant indicators required for measuring the progress as well in terms of Sustainable Development Act No. 19 of 2017 for the last two years.	Meaningful actions should be taken by the Sabha quickly to establish the sustainable development goals and make relevant indicators required for measuring their annual progress.	Not replied.

**3.2 Human Resources Management**

**(a) Vacancies and Excesses of Cadre**

Audit Observations	Recommendations	Comments of the Accounting Officer
(i) It was informed to the audit that 14 staff vacancies of the Sabha had not been filled, thus there were delays in	Meaningful actions should be taken by the Sabha to obtain these staffs through the transfer.	Requests had been made to fill the staffs.

works and development scheme implementations of the Sabha to be carried out by such staffs.

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| (ii) | It was observed that an Ayurvedic pharmacist in the primary level post over the approved cadre of the Sabha had been recruited. | Actions should be taken to by the Sabha to recruit properly. | Reappointment had been issued to such employee based on excess carder as per approval of the Commissioner of the Local Government, Northern Province. However, action will be taken to recruit based on his qualification. |
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**(b) Employee Loans**  
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Audit Observation -----	Recommendation -----	Comment of the Accounting Officer -----
(i) No meaningful actions had been taken to recover arrears of staff loans totalling Rs. 658,278 recoverable from 07 officers who had retired, deceased and transferred out from the Sabha for the last 11 years in terms of Subsection 4.2.4 of Section 4 of Chapter XXV of Establishment Code and it was remained as arrears continuously.	Meaningful actions should be taken by the Sabha within due periods in terms of Subsection 4.2.4 of Section 4 of Chapter XXV of Establishment Code.	Documents relating to such arrears of loan had not been available, thus action will be taken to write off by obtaining approval from the Governor, Northern Province.
(ii) Actions to recover arrears of distress loan totalling Rs. 137,167 from 03 officers who were transferred out to other offices had remained in a weak level for the last 03 to 05 years.	Relevant actions should be taken by the Sabha to submit requests to settle arrears of staff loan totally to the related heads of the departments.	Arrears of loan had been settled as installments continuously.
(iii) It was observed that monthly installments of staff loans totalling Rs. 191,946 had not been recovered from 03 officers for 02 to 03 years.	Relevant actions should be taken by the Sabha to recover loan installments and cumulative interest from related parties properly.	Action will be taken to recover arrears of loan.

### 3.3 Transaction in Contentious Nature

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<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comment of the Accounting Officer</b>
<p>A sum of Rs. 2.5 million had been paid from the fund of the Sabha to two contractors for two various reconstruction and rehabilitation works as an advance in month of November of the year under review and it was observed in audit that they had not been settled up to 31 December 2019.</p>	<p>It should be avoided to make payments from the fund of the Sabha for the works which had not been made by the fund of the Sabha.</p>	<p>Fund had not been received from the Provincial Council. Therefore, it had not been settled. However, it had been settled now.</p>

### 3.4 Assets Management

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#### 3.4.1 Idle/ Underutilized Assets

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<b>Audit Observations</b>	<b>Recommendations</b>	<b>Comments of the Accounting Officer</b>
<p>(i) It was observed that three vehicles issued to the Sabha as a donation had been kept at store for the last 04 years without being utilized.</p>	<p>Meaningful actions should be taken by the Sabha to repair the vehicles to be repaired and modify them as a usable manner.</p>	<p>Approval had been obtained from the mechanical Engineer, Northern Province for repairing vehicles and continuous action had been taken to repair. Action will be taken to obtain registration books of motorcycles.</p>
<p>(ii) Thirteen toners valued at Rs. 89,450 for the categories of computers and photocopy machines which were not used by the Sabha had been purchased and kept at store for the last 03 years without being utilized.</p>	<p>It should be checked by the Technical Evaluation Committee and issued as a usable manner or action should be taken by finding out the reasons for excess stock and repairs.</p>	<p>Actions are being taken to issue unused toners for the usage of other offices.</p>

### 3.4.2 Annual Board of Survey/ Stock Verification

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<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comment of the Accounting Officer</b>
It was observed that there were 180 shortages in library books at sub offices, Mullaitivu, Mullivaikkaal and Semmalai of the Sabha as per report on annual board of survey for the year under review and reasons or follow up actions therefor had not been made available up to now.	Meaningful actions should be taken to cover that shortage in terms of Financial Regulation 104.	Values of the books which shown as shortages as per report on annual board of survey had been recovered from relevant officers.

### 3.4.3 Failure to confirm the Security of the Assets

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<b>Audit Observations</b>	<b>Recommendations</b>	<b>Comments of the Accounting Officer</b>
(i) No meaningful actions had been taken by the Sabha to obtain vehicle registration books of 10 vehicles which were issued by the Government and Non-Government Organizations and being utilized by the Sabha for the last 08 years.	Action should be taken by the Sabha speedily to obtain registration books of the vehicles which were being utilized by the Sabha without obtaining vehicle registration book, in due periods.	Report of vehicle book had been obtained for four vehicles from the Department of Motor Traffic. Certified copy of registration book had been obtained for another vehicle. Action will be taken to obtain documents four other vehicles.
(ii) Three vehicles issued to the Sabha as donation by the Government and Non-Government Organizations were being used by the Sabha for the period from the last 01 to 07 years without being transferred ownership thereof.	Actions should be taken in respect of loss of stole tractor as per Financial Regulation 104 and meaningful actions should be taken by the Sabha to transfer the ownership of two other vehicles which were not owned by the Sabha, to the Sabha in due period.	A tractor bearing Registration No. WPRB4169 had been stolen in the year 2013 and action will be taken to transfer ownership of the vehicles bearing Registration Nos. LG 3500, LG 3506.

### 3.5 Procurement

#### 3.5.1 Supplies and Services

Audit Observations	Recommendations	Comments of the Accounting Officer
(i) It was observed in audit that 03 canon type computer printer machines had been purchased from a supplier each at Rs. 18,400 as per decision of the Procurement Committee dated 01 February 2019 instead of purchasing two machines, thus a printer machine had been overpurchased at Rs. 18,400 without obtaining approval of the Procurement Committee.	Relevant actions should be taken by the Sabha to avoid purchasing exceed the needs.	Actions had been taken to avoid taking place of above errors in future.
(ii) It was observed 5 instances in audit that 16 toners for computer and photocopy machines, ceiling fan and stationery items totalling Rs. 225,421 had been purchased at State Trading Corporation without obtaining approval of the Procurement Committee of the Sabha. However, technical evaluations in respect of these toners and equipment and recommendations made by examining in this regard by the Technical Evaluation Committee to be appointed properly by the Sabha had not been made available to audit.	Meaningful actions should be taken by the Sabha to purchase goods by obtaining proper approval of the Procurement Committee and purchase items to be subject to Technical Evaluation as per approval of the Procurement Committee after obtaining recommendation from the Technical Evaluation Committee.	Actions had been taken to avoid taking place of above errors in future.

### 4. Accountability and Good Governance

#### 4.1 Budgetary Control

Audit Observations	Recommendations	Comments of the Accounting Officer
(i) Out of work schemes estimated in the year under review, 07 capital work schemes had been abandoned without being implemented. Out of that, 06	The value of the work schemes included in the annual budget of the Sabha should be evaluated and included by an appropriate basis. Further, actions	Approval had not been received yet for one work scheme included in to the Mahaweli Development Plans. It was decided to reconstruct other roads

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| work schemes had been included without evaluating the value.  | should be taken by the Sabha to implement the changes of the budget which was displayed to the general public and approved accordingly.   | instead of 06 other work schemes and road reconstruction had been implemented.  |
| (ii) Budget of the Sabha for the year under review had not been planned and prepared through the proper mechanism, thus, favourable variances ranging from 16.4 per cent to 61 per cent respectively between four categories of the budgeted expenditure and actual expenditure and adverse and favourable variances ranging from 07 per cent to 37.5 per cent respectively between four categories of the budgeted revenue and actual revenue were incurred. | Meaningful actions should be taken by the Sabha to consider appropriate sources and prepare practically possible annual budget and implement it efficiently by submitting it for the approval of the general public.  | Differences will be avoided by preparing through proper mechanism in ensuing years.   |
| (iii) Budget had been prepared for implementing 106 capital work schemes for the period from the year 2015 to 2019 and approved them by the Sabha. However, 31 work schemes valued at Rs. 72.1 million had been abandoned completely for the last 01 to 05 years without being implemented.   | The work schemes only which are possible to implement and complete from the fund of the Sabha within the particular year should be included by the Sabha in the annual budget and actions should be taken to implement properly within due period by carrying out a feasibility study for implementing them in an effective manner with the approval of general public. | Allocations had not been made available for the works of PSDG, CBG. Eight works had been included in to other schemes and implemented. Three works had not been implemented due to non-receiving revenue. Other road reconstructions had been implemented instead of 05 road works. Two works had been decided to implement in the year 2020. |
| (iv) According to the budget for the year under review, total estimated value of 21 road reconstructions amounting to Rs. 18.38 million had been approved by the Sabha.   | Meaningful actions should be taken by the Sabha to prepare initial estimates separately for every capital work schemes included in the annual budget of the   | It was planned for reconstructing 21 roads in the budget of the year 2019. However, they had to be changed in to 13 schemes due to the provisions of the  |

However, budget had not been prepared by evaluating initial estimates separately for each of such roads, thus the total estimated value of these roads could not be satisfactorily vouched or accepted in audit.

Sabha and to include estimated values in the budget and implement the activities of the budget accordingly in a proper manner.

Sabha, thus approval of the Sabha had been obtained as per decision No. 107/18.07.19 after the month of July and contract had been awarded subsequently. Further, some schemes had been included in the Gamperaliya project, thus alternative work schemes had to be selected instead of them and estimates thereof had to be prepared. Therefore, contract therefor had been entered in the month of October and November.

## 4.2 Internal Audit

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### Audit Observation

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An internal audit unit had been established in order to carry out the activities of the Sabha efficiently through audit of its activities. However, internal audit programme and reports on the internal examinations of account had not been made available to audit for the last two years.

### Recommendation

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Actions should be taken to prepare internal audit programme and reports on the internal examinations of account.

### Comment of the Accounting Officer

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Internal Audit Unit had been established. Internal control methods and account examination programme will be implemented through it.