

Jaffna Municipal Council

Jaffna District

1. Financial Statements

1.1 Presentation of Financial Statements

The financial statements for the year 2019 had been presented to Audit on 26 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 15 July 2020 and 24 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 Jaffna Municipal Council 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

Accounting Deficiencies

Audit Observation	Comment of the Accounting Officer	Recommendation
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(i) The capital expenses Rs.105,400,677 was made for lands, lands rehabilitation during the year under review but it has not been included in the value of lands and buildings in the financial statement.	It will be included in the value of plant in the year 2020 financial statement after the valuation	The value of land buildings should be assessed and included in the financial statements.
(ii) The unsettled advance payment documents Rs.5,358,866 destroyed over the last five years but the assets value was increased in the financial statements due to it has been shown an assets in the balance sheet	Could not be taken any action because the destroyed documents are before the year 1995.	Appropriate action should be taken to settle the unsettled advances.

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)	An annual performance report has not been presented along with the financial statements by the Council.	Action should be taken to have not happened this kind of mistakes in the future.	Action should be taken in terms of relevant Act.
(b) Financial Regulations of the Democratic Socialist Republic of Sri Lanka			
(i) Financial Regulation 371	It has not been settled the advance Rs.7,047,866 by the Council over the last 5 years.	The value of Rs.3,148,042.66 was an Interim pension payment out of the advance Rs.7,047,866 over the 5 years hence it will be deducted in the pension payment.	Actions should be taken to adjust the advance in term of financial regulation.
(ii) Financial Regulation 571	Appropriate action was not been taken regarding the value Rs.3,577,446 miscellaneous deposits of more than two years	The planning division recovered other deposits as service charges and deposited.	Actions should be taken to adjust the deposits in term of financial regulation.
(c) Ministry of Public Administration and Management Circular			
(i) Amended circular No. 05/2018 (i) dated 24.01.2018 and circular No. 05/2008 dated 06.02.2008	The Public Service list has not been prepared and displayed in accordance with the Conventions of citizens/beneficiaries.	A Public service list will be prepared and displayed according to the service rendered by the Council.	Action should be taken in terms of Circular.

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| (ii) | 02/2018 (1) of
24 January 2018 | Could not be confirmed that the staff has been trained for at least 12 hours per year. | A preliminary procedure is being on process to conducting training courses. | Action should be taken in terms of Circular. |
| (iii) | 30/2016 of
29 December 2016 | Fuel consumption had not been tested for 55 vehicles more than one year. | Will be tested as soon as possible. | Appropriate action should be taken in terms of Circular. |

1.4.2 Noncompliance with Tax Requirements

Audit Observation -----	Comment of the Accounting Officer -----	Recommendation -----
According to the matters stated in the section 20 of Value Added Tax Act No. 14 of 2002 issued by the Department of Inland Revenue and Procurement Guideline 5.4.11, a sum of Rs. 23,656,647 had been paid to the suppliers as Value Added Tax in the year under review. However, "Receipt of Value Added Tax" had not been received and informed to the department of Inland Revenue and Auditor General.	Details of VAT (In, Out) are sent to the Inland Revenue Department in due course.	Action should be taken in term of relevant tax Act and Procurement guideline.

2. Financial Review

2.1 Financial Results

According to the financial statements presented, the revenue over recurrent expenditure of the Council for the year ended 31 December 2019 amounted to Rs. 54,859,571 as compared with the corresponding the revenue over recurrent expenditure of the preceding year amounted to Rs.158,007,827.

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	79,980,704	84,852,078	95,599,906	73,735,000	75,047,823	84,952,309
Rentals	217,052,502	81,018,183	12,969,060	222,235,000	83,775,696	-
License Fees	23,732,968	25,427,036	990,875	16,940,000	20,320,727	-
Other Revenue	810,764,099	623,575,220	21,698,360	787,090,000	693,738,951	247,703,448
	1,131,530,273	814,872,537	131,258,202	1,100,000,000	872,883,197	332,655,757

2.2.2 Performance in Collection of Revenue

Audit Observation	Comment of the Accounting Officer	Recommendation
When comparing with 2018 performance in collection of revenue Rs. 872,883,197 it has been observed that the decrease in 2019 due to 2018 collection of revenue respectively Rs. 814,872,537 and 2019 collection of revenue decreased Rs.58,010,660.	Not Replies.	Action should be taken to increase the revenue by the Council.

2.2.3 Rates and Taxes

Audit Observation	Comment of the Accounting Officer	Recommendation
(a) Rs. 91,133,597 worth of tax revenue.	The distribution of Form K was stopped due to the increase in the tax and the percentage has to be changes in the Form K distribute.	Action should be taken to collect the tax arrears.
(b) No action has been taken to recover the arrears of water bill of Rs. 1,228,063 during the year under review.	Action has been taken to recover the arrears.	Action should be taken to collect water bill arrears.

2.2.4 Rentals

Audit Observation	Comment of the Accounting Officer	Recommendation
(a) It hasnot been recovered to the arrears of shops rents Rs.5,249,390 in the year under review.	In 2018 and 2019, no shops were leased.	Appropriate action should be taken to recover the arrears of shops rents.
(b) It has not been recovered to the arrears of shops lease Rs.7,719,668 in the year under review.	In 2019, only 19 out of 38 butcher shops were leased.	Appropriate action should be taken to recover the arrears.

2.2.5 License Fees

Business License Fees

Audit Observation	Comment of the Accounting Officer	Recommendation
(a) No action has been taken to recovered to the arrears of business license feeand tax Rs. 265,500 up to now in the year under review.	Action has been taken to recover.	Appropriate action should be taken to recover the arrears.
(b) The business license fee for 13 telecommunication towers has not been recovered since it has been constructed.	The business license collection for telecommunication towers is in process.	Appropriate action should be taken to recover the business license fee for telecommunication towers.

2.2.6 Stamp Duties

Audit Observation	Comment of the Accounting Officer	Recommendation
Stamp duties totaling Rs. 15,557,860 had to be received from the Chief Secretary of the Provincial Council and all authorities as at 31 December 2019.	Action has been taken to collect the arrears amount.	Appropriate action should be taken to recover the arrears in the due period.

3. Operating Review

3.1 Performance

The matters observed in respect of execution of activities that should be executed under Section 4 of the Municipal Councils Ordinance 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-Law

Audit Observation -----	Comment of the Accounting Officer -----	Recommendation -----
By-laws had been enacted for 30 main functions in terms of section 272 of the Municipal Council Ordinance. But only 15 functions had been implemented.	All rules and regulation are being proceeded accordance to section 272 of the Municipal Council Ordinance.	Action should be taken accordance to Municipal Council Ordinance.

(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 Council.	Action is in progress for 30 activities.	Action should be taken as per the by- law.

(c) Failure to achieve the expected outcomes

Audit Observation -----	Comment of the Accounting Officer -----	Recommendation -----
The sum of Rs.673,619 was spent on the construction of the vehicle treatment plant but the expected results could not be achieved despite the completion of the building.	Approval for the purchase of other equipment has not been obtained in the due period from the Standing order Committees.	Action should be taken to complete in the due period.

(d) Delays in Performance of Project

Audit Observation -----	Comment of the Accounting Officer -----	Recommendation -----
It was observed that 05 projects has been delayed and the reason for the extension has not been accepted.	Action will be taken to cancel the contracts if the work is not started on the due dates.	Action should be taken to complete the projects in the due period.

(e) Solid Waste Management

Audit Observation -----	Comment of the Accounting Officer -----	Recommendation -----
(a) Public caused inconvenience due to without using the close vehicle to collect the garbage uses the open vehicles.	Rope nets are provided to close the garbage disposal vehicles.	Effective actions should be taken in accordance with solid waste management.
(b) Annual medical test for 43 Sanitary labourers has not been carried out.	Continuously Medical test has not been carried out.	Sanitary Labourers should be taken annual medical test.
(c) Solid waste has been collected without being segregated by the Councils	Instruction has been provided to segregate the solid waste.	Actions should be taken to segregate and collect solid waste.

(f) Environmental Issues

Audit Observation -----	Comment of the Accounting Officer -----	Recommendation -----
No actions had been taken to spray mosquito oil for preventing spread of mosquitos and flees and to prevent bad smell.	All types of protective cloths has been provided to Labourers.	Actions should be taken for environmental Protection.

3.2 Management inefficiencies

Audit Observation -----	Comment of the Accounting Officer -----	Recommendation -----
(a) The WPPB-9029 vehicle in use by the Municipal Council has not been taken action as per the Chapter XLVIII (1) of the Establishment Code in connection with the accident on 19th June 2014 and repaired at Rs. 1,958,200.	According to commissioner's request the re-investigation is being proceeding.	Actions should be taken in the due period.
(b) The Municipal councils' Management Assistant steeled Rs.2,934,429 in 2016 whereas Rs.320,000 was recovered and no action has been taken to recover the remaining amount of Rs. 2,614,429.	Regarding the theft a case has been filed in the district court by our council and also police filed the case for proceeding in the court.	Action should be taken to recover the amount steeled by the Management Assistant.
(c) Major functions of the municipal council were not completed due has not submitted the reports in due period by the Local Government Assistant.	Instruction has been given to prepare the reports in the due period.	The report has to be prepared in the due period by the Local Government Assistant.
(d) Even display the General Public services chart. However, contrary to building approval and trade licenses, services provided had been delayed.	Services will be provided within the period specified chart if all required documents are submitted.	The Municipal Council should provide the servicers in accordance with the General Public services chart.
(e) The value of Rs. 32,656,352 for more than 2 to 5 years of small creditor's credit which has to settle by sabha's has not been settled yet.	The payment has not been made for the completed work value Rs. 7,189,626. The value of Rs. 11,214,446 fish market work is being proceeding	Should be settled the small creditor's credits by the sabha
(f) The 213 shops were leased to individuals on agreements. The contrarily to lease agreement No. 14, 23 the tenant was rented to another person and the quotation has been extended without been call quotation on lease maturity. It shows the inefficiency of revenue collection of lease.	Action will be taken on the request of commissioner	Should call quotation and leased for 213 shops owned by Sabha.

(g)	Has not been used for any purpose of the general fund reservation and librarian fund reservation respectively Rs. 112,35,309 and Rs. 135,449,588	We are taking the steps to using the present sabha's fund and proceeding the developing works.	Should be use for the relevant requirement of the general fund reservation and librarian fund reservation of the sabha's
(h)	The fund reservation of Rs.18,076,609 of the City development authority council was without use for required purpose left as a reservation until now.	This fund reservation will be used for development with the approval of Municipal council	The reserved fund should be used for required purpose of the city development authority of sabha's
(i)	Action has not been taken to disclose the value of the 51 land and buildings in the financial statement owned by sabha.	After the valuation it will disclosed in the financial statement in 2020	Should be disclosed the value of the 51 land and buildings in the financial statement owned by sabha.

3.3 Human Resources Management

(a) Human Resources Management

	Audit Observation	Comment of the Accounting Officer	Recommendation
(i)	The Sabha has not recruited and deployed human resources properly. As a result, it was observed such 248 human resources had been delayed which works to be completed.	Action has been taken.	Appropriate action should be taken to fill the vacancies.
(ii)	The 18 sanitary labourers and labourers were appointed without obtaining the approval from Department of Municipal Management council.	Prepared the report and send for the approval of Management Services Department	Should be obtain the appropriate approval and give the appointments.
(iii)	The appointments related to electricians – 2013; no actions had been taken in respect of 04 electricians who don't have education qualifications even though action had been taken against 03 electricians who don't have education qualifications	The action has been proceeding with group was formed by chief Secretary head of local government commissioner.	Acton should be taken against the electricians who don't have Professional qualification.

(b) Employees Loan

Audit Observation -----	Comment of the Accounting Officer -----	Recommendation -----
Action has not been taken to recover the loans amount of Rs.372,879 from 51 pensioners for more than 5 years.	Action has been taken to written off.	Sabha should take action to recover the balance to the public officers advance accounts.

3.4 Assets Management

3.4.1 Failure in carrying out Maintenance and Repairing

Audit Observation -----	Comment of the Accounting Officer -----	Recommendation -----
(a) Ten vehicles of Sabha's were damaged and unrepaired condition remained at vehicle park for long period.	At present 6 tractors out of this vehicles were functions.	Action should be taken to repair 10 vehicles.
(b) There were unused 31 vehicles remained parked at the vehicle park for last 4 years.	Can auctioned and sale only after transfer to the Sabha.	Should be taken action to use of 31 vehicles

3.4.2 Assets not acquired

Audit Observation -----	Comment of the Accounting Officer -----	Recommendation -----
No action has been taken to transfer ownerships of the 34 vehicles in use by the Sabha.	Action has been taken to transfer ownership.	Action should be taken to transfer ownership of the vehicles.

3.5 Irregular Transactions

Audit Observation -----	Comment of the Accounting Officer -----	Recommendation -----
(a) The Municipal Council was paid Rs. 36,000 for uniform of the Ayurvedic siddha hospital Medical officers contrarily to circular No 02-175/2014 dated 19 December 2014.	Here by notifying that the payment has not been made for year 2020.	Action should be taken to recover the payment made to Ayurvedic Siddha Hospital Medical officers' uniform.

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| (b) According to the Government Municipal Council circular No. 05/2013 and the Establishment chapter XXI Rs. 1,941,300 was paid for uniform of sanitary workers but workers were not wear the uniform during the working hours. | According to the Government Circular No.05/2013 Rs. 4000 paid for two pair of uniform. | Appropriate action should be taken regarding uniform wearing of the sanitary workers in Jaffna Municipal Council. |
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3.6 Procurement

3.6.1 Procurement Plan

Audit Observation -----	Comment of the Accounting Officer -----	Recommendation -----
Procurement Plan had not been prepared for the activities of suppliers and services.	Action will be taken to implement the given procurement plans from 2021.	Action should be taken to prepare the given procurement plans.

3.6.2 Supplies and Services

Audit Observation -----	Comment of the Accounting Officer -----	Recommendation -----
(a) Without considering the Procurement Guidelines section. 3.4.2 of 2006. The year under review Municipal Council was purchased the value of Rs. 4,524,614 warehouse items purchase system of the procumbent procedure has been followed.	Has mentioned in the procurements Guidelines section 3.4.3 of 2006 the tender has been addressed according to the ledger of suppliers individual/group	The Municipal Council should act accordance with the Procurements Guidelines of 2006 as mentioned section 3.4.2.
(b) The Municipal Council has not been considered the procurement guidelines section. 3.4.3 While registering the suppliers. Annually.	The procedure will be followed in the future.	The Municipal Council should consider the procurement guidelines section 3.4.3 while registering the suppliers. Annually.

3.6.3 Contract Administration

Audit Observation	Comment of the Accounting Officer	Recommendation
<p>The contract with the said contractor was terminated on 02 February 2019 due to have not been completion of contraction of fish market Rs. 19,352,640 valued construction work of the Municipal Council on 13 November 2017.</p>	<p>The final warning has been given to contractor and proceeding the action to recover the amount.</p>	<p>Appropriate action should be taken to construct the fish market.</p>

4 Accountability and Good Governance

4.1 Budgetary Control

Audit Observation	Comment of the Accounting Officer	Recommendation
<p>It has been observed that this is an inefficient budget since the reasonable difference between budget expenditure and actual expenditure of Sabha's</p>	<p>Will be prepare the budget considering the deficit</p>	<p>Action should be taken to prepare the budget in proper system.</p>

4.2 Unresolved Audit Observation and Non-replied Audit Queries

Audit Observation	Comment of the Accounting Officer	Recommendation
<p>(a) Salary paid in respect of a contract veterinarian surgeon appointed in 2015 could not be accepted in the audit as it is an illegal payment.</p>	<p>On the advice of the Provincial Public Accounts Committee (COPA), An inquiry was conducted by this committee after committee was setup.</p>	<p>Unresolved audit queries should be resolved.</p>

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| <p>(b) The unauthorized salary and transport cost of Rs.750,791 for the appointment of an engineer appointed on contract basis in 2015 and also mentioned in the audit reports. This payment could not be accepted in the audit as it is an illegal payment.</p> | <p>The inquiry was conducted by this committee on the advice of the Provincial Public Audit Committee (COPA) and action will be taken accordingly upon receipt of the report.</p> | <p>Unresolved audit queries should be resolved.</p> |
| <p>(c) Although action has been taken to recover Rs. 202,792 worth of salary allowance from the officer who was on unauthorized leave, no such payment has not been recovered so far.</p> | <p>The 2nd Reminder letter has been sent by the Commissioner of the Municipal Council in a dated 15.10.2019 No.E/PF/CE/1482 to recover the said amount.</p> | <p>Unresolved audit queries should be resolved.</p> |