

**Delft Pradeshiya Sabha**

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**Jaffna District**  
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**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 29 June 2020 and 31 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 Delft 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**

**(a) Accounting Policies**

<b>Audit Observation</b>	<b>Comment of the Accounting Officer</b>	<b>Recommendation</b>
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Accounting policies had not been disclosed in the financial statements.	The accounting policies will be disclosed in the financial statements in future.	The accounting policies for the preparation of financial statements should be disclosed in the financial statements.

**(b) Accounting Deficiencies**

<b>Audit Observation</b>	<b>Comment of the Accounting Officer</b>	<b>Recommendation</b>
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(i) Assess the value of 05 vehicles in the use of the Sabha has not been included in the financial statements.	Will be included in the final accounts after transfer of ownerships of the 05 vehicles.	Action should be taken to assess the value of the vehicles and include in the financial statements.

- (ii) No.of 46 books in the Central Library of the Pradeshiya Sabha and no.of 02 books in the Western Library are found to be unusable, obsolete and in a very dilapidated condition. Thus the inventory value in the financial statements is shown in overstated.
- Action will be taken to disposal.
- The value of books that are not in use should be deducted from the inventory value.

(c) **Unreconciled Accounts**  
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Audit Observation -----	Comment of the Accounting Officer -----	Recommendation -----
There was a difference of Rs. 2,200,000 as to the value of supplies and necessities goods at Rs.2,659,978 shown in the revenue and expenditure account for the financial year as against Rs.4,859,978 shown in the Summary of annual expenditure reports.	There was a differentiation due to adjustment in the journal.	Entry of the transaction should be reconciled in the accounts.

**1.4 Non-compliances**  
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**1.4.1 Non-compliances with Laws, Rules, Regulations and Management Decisions**  
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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 by the Pradeshiya Sabha had not been presented along with the financial statements.	Annual Performance report had been attached in 2019.	Action should be taken in terms of Act.

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

Financial Regulation No. 571 No action had been taken to respect of lapsed deposits for over 2 years. Over 02 years deposits amounts had been refunded to relevant person. Action should be taken in term of financial regulation.

(c) Ministry of Public Administration and Management Circular

30/2016 of 29 December 2016 Fuel consumption had not been tested for 08 vehicles During the year, fuel consumption tested for the 08 vehicles belonging Sabha. Action should be taken in term of Circular.

**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. 99,749 as compared with the corresponding the revenue over recurrent expenditure of the preceding year amounted to Rs. 42,925. As a result, the revenue over recurrent expenditure has increased to Rs. 56,824 as compared to the previous year.

**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	690,000	59,000	120,200	950,000	70,550	-
Rentals	1,320,000	1,381,750	-	1,026,000	863,250	132,149
License Fees	305,000	457,898	-	117,500	189,299	-
Other Revenue	4,374,200	5,180,612	413,765	5,559,400	4,782,461	765,955
	<b>6,689,200</b>	<b>7,080,160</b>	<b>533,965</b>	<b>7,652,900</b>	<b>5,905,560</b>	<b>898,104</b>

## 2.2.2 Rentals

	<b>Audit Observation</b>	<b>Comment of the Accounting Officer</b>	<b>Recommendation</b>
(a)	No action had been taken to recover arrears rent totaling Rs. 28,000 in the year under review.	Appropriate action is being taken to collect the arrears.	Action should be taken to recover the rents arrears in the periods.
(b)	No action had been taken to recover arrears lease totaling Rs. 92,200 in the year under review.	Appropriate action is being taken to collect the arrears.	Action should be taken to recover the lease arrears in the periods.

## 2.2.3 Other Revenue

	<b>Audit Observation</b>	<b>Comment of the Accounting Officer</b>	<b>Recommendation</b>
	No action had been taken to recover arrears of other revenue totaling Rs. 392,015 in the year under review.	Instruction has been given to those who are entitled to pay Rs. 392,015.	Action should be taken to recover the arrears in the periods.

## 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) Action Plan

<b>Audit Observation</b>	<b>Comment of the Accounting Officer</b>	<b>Recommendation</b>
An annual action plan had not been prepared in respect of 30 activities to be implemented by the Sabha.	Not replied.	Appropriate action should be taken in term of Sabha's by law.

**(b) Solid Waste Management**  
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<b>Audit Observation</b> -----	<b>Comment of the Accounting Officer</b> -----	<b>Recommendation</b> -----
(i) The waste collected daily at dumping sites is not chopped and covered with earth. Solid waste is collected indiscriminately in accordance with national policies.	The solid waste segregation station has not yet been set up in the Sabha.	Appropriate actions should be efficiently taken as per the solid waste managements
(ii) Garbage spilled all over the road due to garbage collected in the open vehicles.	Small quantity of waste are collected on the streets.	Should be used closed vehicle to collect the garbage's to protect the environment.
(iii) Sanitary labourers who were employed in solid waste activities had not been subjected to medical test by the Pradeshiya Sabha.	Has been medical test proceeding.	Should be confirmed to medical test of labourers in the due period.

**(d) Environmental Issues**  
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<b>Audit Observation</b> -----	<b>Comment of the Accounting Officer</b> -----	<b>Recommendation</b> -----
No action 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.	Appropriate actions will be taken.	Appropriate actions should be taken for environmental Protection.

**3.2 Management Inefficiencies**  
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<b>Audit Observation</b> -----	<b>Comment of the Accounting Officer</b> -----	<b>Recommendation</b> -----
(a) Actions had not been taken by the Sabha to recover cemetery tax of 06 cemeteries.	Not reply	Action should be taken to recover the cemetery tax in the period.

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| (b) | No action had been taken to carry out reassessment and recover assessment tax on property. | No action had been taken to recover the assessment tax. | Appropriate action should be taken to recover the reassessment property of assessment tax in the period. |
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**3.3 Human Resources Management**  
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Audit Observation -----	Comment of the Accounting Officer -----	Recommendation -----
The Sabha had not recruited and deployed human resources properly. As a result, it was observed in audit that works to be completed by such 11 human resources had been delayed.	Appropriate action has been taken to fill the vacancies.	Appropriate action should be taken to fill the vacancies in the period.

**3.4 Operating Inefficiencies**  
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Audit Observation -----	Comment of the Accounting Officer -----	Recommendation -----
No appropriate action has been taken for the water supply items are found in the office stores and premises.	Auction will be take place when the final board of survey in year 2019.	Appropriate action should be taken to remove the items.

**3.5 Assets Management**  
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**3.5.1 Assets not acquired**  
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Audit Observation -----	Comment of the Accounting Officer -----	Recommendation -----
No action had been taken to transfer ownership of 12 vehicles being used by the Pradeshiya Sabha.	Action will be taken	Action should be taken to transfer the ownership of vehicles of Sabha.

**4. Accountability and Good Governance**  
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**4.1 Budgetary Control**  
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**Audit Observation**  
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This budget was inefficient due to different between budgetary expenditure and actual expenditures in Sabha.

**Comment of the  
Accounting Officer**  
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Expenses were made Supplementary of budget in 2019.

**Recommendation**  
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Appropriate action should be taken by the Sabha to plan proper budget system