

Karainagar Pradeshiya Sabha

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 29 June 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 1.3 of this report, the financial statements give a true and fair view of the financial position of the Karainagar 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

Accounting Deficiencies

Audit Observation

Comment of the Accounting Officer

Recommendation

Values Rs. 2,128,132 of 03 cemeteries belonging to the Sabha had not been assessed and included in the financial statements, thus values of the assets had been understated in the financial statements.

Action will be taken to include the Accounts of values of 03 cemeteries.

Action should be taken to assess the value of the cemeteries and include in the financial statements.

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
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(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.	An annual Performance report will be presented according to extended period in term of the treasury circulars.	Action should be taken to submit the Annual Performance Report along with the financial statements in terms of Act.
(b) Pradeshiya Sabhas (Financial and Administrative) Rule of the year 1988			
Section 32 of Chapter III	Assessment of tax on properties had not been made by the Sabha up to now.	Continues activates has been coordinated by the Sabha to expedited assessment works.	Action should be taken to recover the assessment tax in the period.
(c) Financial Regulations of the Democratic Socialist Republic of Sri Lanka			
F.R No. 371	Advances valued at Rs. 29,440 paid by the Sabha had not been settled up to now.	Will be taken to adjustments.	Appropriate action should be taken to unsettled advances in terms of Financial Regulation.

(d) Ministry of Public Administration and Management Circular

05/2018(1) of 24 January 2018 and Ammendated circular No.05/2008 dated 06 February 2008.	Public Services list had not been prepared and displayed according to citizens/beneficiaries consensus.	General Public Services List has been displayed.	Appropriate action should be taken as per the Circulars.
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(e) Other Circular

Local Government circular No. 2018/e Local Government 01 dated 19.07.2018	Services receiving facilities had not been provided through the internet for citizens.	The Sabha now could not be provided the internet facilities to Public due low revenue of this Sabha.	Appropriate action should be taken as per the Circulars.
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1.4.2 Noncompliance with Tax Requirements

Audit Observation -----	Comment of the Accounting Officer -----	Recommendation -----
In terms of Section 154 of Pradeshiya Sabhas Act No. 15 of the year 1987, sales tax equivalent to 1% should be recovered on sales of certain lands. However, no action had been taken by the Sabha to recover them.	No auctions had been contracted to our Sabha areas up to now.	Appropriate action should be taken as per the Pradeshiya Sabha Act.

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 9,836,824 as compared with the corresponding the revenue over recurrent expenditure of the preceding year amounted to Rs.9,934,011.

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	Estimated Revenue	Collected Revenue
	Rs.	Rs.	Rs.	Rs.
Rates and Taxes	3,510,000	5,994,360	10,000	10,060
Rentals	1,878,000	1,730,640	2,202,200	2,024,131
License Fees	291,220	402,663	269,975	328,170
Other Revenue	29,515,689	29,751,375	29,638,381	33,331,107
	35,194,909	37,879,038	32,120,556	35,693,468

2.2.2 Rates and Taxes

Audit Observation	Comment of the Accounting Officer	Recommendation
Development works had been carried out by the Sabha for 05 cemeteries of the Sabha. However, approval had not been obtained for cremation of body and tax thereon had not been recovered by the Sabha.	Action should be taken to recover the cemetery tax after improved the basic facilities of cemetery.	Should be recovered cemetery tax in the period.

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-Law

Audit Observation -----	Comment of the Accounting Officer -----	Recommendation -----
By-laws had been enacted for 30 main functions in terms of section 126 of the Pradeshiya Sabhas Act. However, all functions had not been implemented.	Action will be taken to implement all by-laws.	Appropriate action should be taken by- law as per the Act.

(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 Sabha.	Action plan has been prepared in 2020.	Action should be taken to prepared proper action plan as per the by-law.

(c) Failure to achieve expected Outcomes

Audit Observation -----	Comment of the Accounting Officer -----	Recommendation -----
Expected output had been achieved through spending a sum of Rs. 15,827,506 for performance of kayoorna beach decorated and traditional restaurant, Toilet and children park activities which were mentioned in the action plan. However, expected outcomes could not be achieved.	While action has been taken to issue to the head of women families in being of 2020. Eventhough, now project activities has been stop.	Appropriate action should be taken to achieve the expected outcomes of mention activity in the action plan.

3.2 Management inefficiency

Audit Observation -----	Comment of the Accounting Officer -----	Recommendation -----
(a) Reports to be prepared by the Local Government Assistant had not been presented in due periods, thus main functions of the Pradeshiya Sabha had not been completed.	Report will be presented in due period in future.	Report should be prepared by Local Government Assistant in the period.

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| (b) | Although the Pradeshiya Sabha had displayed the Public Service List, but contradictory the services provided to the people had been delayed. | Sometimes there is a delay. | Appropriate action should be taken to provide the service to the public in the due period. |
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3.3 Human Resources Management

Audit Observation -----	Comment of the Accounting Officer -----	Recommendation -----
No action has been taken to fill the 06 vacancies of human resources of the Sabha in the due period.	Action has been taken to fill the vacancies of employees.	Appropriate action should be taken to fill the vacancies in the due period.

3.4 Operating Inefficiencies

Audit Observation -----	Comment of the Accounting Officer -----	Recommendation -----
An amount of Rs. 1,416,545 was allocated to the Sundry Creditors Account for the development work to be completed by the Sabha during the financial year.	Will be recovered the amount of Rs. 1,416,545 as balance of Sundry creditors.	Should be completed development works in due period.

3.5 Assets Management

3.5.1 Failure in carrying out Maintenance and Repairing

Audit Observation -----	Comment of the Accounting Officer -----	Recommendation -----
Vehicle bearing used by the Pradeshiya Sabha had remained in repairable condition since 2012. However, no action had been taken by the Sabha to repair it.	Appropriate action should be taken to sales the vehicles or handed over to other departments.	Action should be taken to repair the vehicle in the due period.

3.6 Procurement

3.6.1 Procurement Plan

Audit Observation

A procurement plan had not been prepared by the Sabha for services in the year under review.

**Comment of the
Accounting Officer**

Action will be taken to prepare the procurement plan for services in the year 2020.

Recommendation

A procurement plan should be prepared by the Pradeshiya Sabha for services.