

Kayts 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 20 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 06 September 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 Kayts 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
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(a) The value of Play Ground land property Rs. 5,925,000 which is not belongs to Pradeshiya Sabha and has been included in the value of the land and buildings. Therefore value of assets has been overstated in the financial statements.	Action will be taken to hand over.	Appropriate Action should be taken by the Sabha to hand over ownership of the play ground land.
(b) No. of 04 Vehicles values at Rs. 15,121,600 which have not been transferred are included in the financial statements. Therefore value of assets has been overstated in the financial statements.	Ownership of only 04 vehicles has not been transferred up to now.	Appropriate action should be taken by the Sabha to transfer the ownership of vehicles.

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.	Annual Performance report had been submitted with financial statements in future.	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			
(i) Section 32 of Chapter III	Assessment of Rate and tax had not been made by the Sabha.	Action will be taken to reassessment	Appropriate actions should be taken to assessment of tax according to Pradeshiya Sabha Act.
(ii) Section 193 of Chapter X	Although the details of income and expenditure for the year under review were compared with the budget, the reasons for the significant differences were not submitted to the audit.	Will be submitted in future.	Appropriate actions should be taken to assessment of tax according to Pradeshiya Sabha Act.

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

Financial Regulation No. 571	No action has been taken regarding refund the retention money to be paid to the contractor in respect of Rs. 221,721.	Action should be taken to refunded in the retention money.	Appropriate action should be taken related refunded deposits as per the financial regulations.
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(d) Ministry of Public
Administration and
Management Circular

(i) 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.	Action should be taken to prepare the general Public Services List and displayed.	Action should be taken to prepare the general Public Services List as per the Circulars.
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(ii) 30/2016 of 29 December 2016	Fuel consumption had not been tested for 03 vehicles of the Sabha.	Action will be taken to fuel consumption test.	Appropriate action should be taken to fuel consumption test as per the relevant circular.
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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 online for citizens.	Action will be taken to give online facilitate	Appropriate action should be taken to facilitate online services to citizens in terms of Circular.
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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 7,905,030 as compared with the corresponding the revenue over recurrent expenditure of the preceding year amounted to Rs.3, 565,468.

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	-	250	-	-	-	-
Rentals	2,776,400	2,948,555	37,568	2,921,300	2,233,867	8,000
License Fees	540,555	479,295	-	451,650	448,762	-
Other Revenue	48,196,898	44,595,588	-	44,502,876	37,565,500	47,450
	51,513,853	48,023,688	37,568	47,875,826	40,248,129	55,450

2.2.2 Performance in Collection of Revenue

Audit Observation

Collected revenue for the year 2018 was Rs. 40,248,129. However, collected revenue for the year 2019 was increased as Rs. 48,023,688 thus performance of revenue collection for the year 2019 had been increased by Rs. 7,775,559 as compared with the year 2018.

Comment of the Accounting Officer

Noted

Recommendation

Should be disclosed the bill revenue in the financial statements.

2.2.3 Court Fines and Stamp Duties

(a) Court Fines

Audit Observation

Court fines totaling Rs. 147,016 had to be received from the Chief Secretary of the Provincial Council and all authorities as at 31 December 2019.

Comment of the Accounting Officer

Action has been taken to recover the arrears court fines.

Recommendation

Action should be taken to recover the arrears court fines by the Sabha in the period.

(b) Stamp Duty

Audit Observation -----	Comment of the Accounting Officer -----	Recommendation -----
Stamp duties totaling Rs. 324,500 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 recover the arrears stamp duties.	Action should be taken to recover the arrears stamp duties by the Sabha 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 were required to be enacted for 30 main functions in terms of section 126 of the Pradeshiya Sabha Act. However, by-laws had not been enacted.	Action has been taken to enact the by-law.	Action should be taken to enact the by-law as per the Pradeshiya Sabha Act.

(b) Action Plan

Audit Observation -----	Comment of the Accounting Officer -----	Recommendation -----
An annual action plan had not been prepared in respect of activities to be implemented by the Sabha.	Action will be taken to prepare the action plan	Action should be taken to prepare the action plan as per the by-law.

(c) Delays in completion of Project

Audit Observation -----	Comment of the Accounting Officer -----	Recommendation -----
It was observed that 06 projects amounting to Rs. 1,366,000 were started but not completed in the due period.	Action will be taken to complete in the due period.	Appropriate action should be taken to complete the works.

(d) Solid Waste Management

Audit Observation -----	Comment of the Accounting Officer -----	Recommendation -----
(i) Expense of Rs. 767,007 had been incurred for disposing solid waste in the year 2019. However, solid waste disposal activities had not been carried out by the Pradeshiya Sabha efficiently.	Solid waste disposal will be carried out efficiently in future.	Solid waste disposal activities should be carried out effectively by the Sabha.
(ii) Garbage is collected in open vehicles and dumped on the road.	Disposal is done efficiently even though closed vehicles cannot be used due to the lack of closed disposal vehicles.	Appropriate safety measures should be taken during solid waste collection.
(iii) Sanitary labourers who were employed in solid waste activities had not been subjected to medical test by the Pradeshiya Sabha from time to time.	Actions will be taken in future.	Medical tests for health labourers should be carried out by the Pradeshiya Sabha in due period.

(e) 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.	----- Action had been taken now to spray mosquito oil and to prevent bad smell.	----- Respective actions should be taken by the Sabha for environmental Protection.

3.2 Management Inefficiencies

Audit Observation	Comment of the Accounting Officer	Recommendation
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(a) Development works had been carried out for 16 cemeteries in the Sabha. However, cemetery tax had not been recovered.	Action will be taken recover the cemeteries tax.	Action should be taken by the Sabha to recover cemetery tax for cemeteries.
(b) No action had been taken to carry out assessment of rates and taxes.	Action will be taken to assessment	Action should be taken to carry out assessment of rates and taxes.
(c) Although the Pradeshiya Sabha had displayed the Public Service List, but contradictory the services provided to the people had been delayed.	Delays in providing services occur only when the required information and documents are not submitted properly.	Services to be provided to the public should be provided in due period.

3.3 Human Resources Management

Audit Observation	Comment of the Accounting Officer	Recommendation
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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 20 human resources had been delayed.	Human Resources vacancies will be filled.	Appropriate action should be taken to fill the vacancies in the stipulated period.

3.4 Assets Management

3.4.1 Failure in carrying out Maintenance and Repairing

Audit Observation	Comment of the Accounting Officer	Recommendation
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No action had been taken to repair 09 vehicles being used by the Sabha	Appropriate action will be taken.	Action should be taken to related repair vehicles by the Sabha

3.4.2 Assets not acquired

Audit Observation	Comment of the Accounting Officer	Recommendation
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(a) Ownership of 22 properties valued at Rs. 50,070,600 had not been transferred to the Pradeshiya Sabha.	Action will be taken to transfer the ownership.	Action should be taken to transfer ownership of the properties to the Pradeshiya Sabha.
(b) No action had been taken to transfer ownerships of 04 vehicles belonging to the Pradeshiya Sabha.	Action has been taken to transfer ownership.	Action should be taken by the Sabha to transfer ownership of the vehicles.

3.4.3 Idle Assets

Audit Observation	Comment of the Accounting Officer	Recommendation
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(a) Thevaratham boat belonging to the Sabha had been remained idle for 05 years.	The boat could not be registered or sold at public auction.	Action should be taken by the Sabha to use the unused boat.

(b)	Twenty three stalls of new market shopping complex belonging to the Sabha had remained idle.	No one is asking to rent out the market shopping complex in the tender.	Appropriate actions should be taken by the Sabha to market shopping complex rent.
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4. Accountability and Good Governance

4.1 Budgetary Control

Audit Observation -----	Comment of the Accounting Officer -----	Recommendation -----
Expenditure budget was inefficient due to different between budgetary expenditure and actual expenditures.	Not replied.	Appropriate action should be taken by the Sabha to plan proper budget system.