

Point Pedro 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 30 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 Point Pedro 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 preparing the Financial Statement

Audit Observation	Comment of the Accounting Officer	Recommendation
Accounting policies adopted in preparing the financial statements had not been disclosed by the Sabha in the financial statements.	Not replied.	Accounting policies for preparing and submitting financial statements should be disclosed in the financial statements.

(b) Accounting Deficiencies

Audit Observation	Comment of the Accounting Officer	Recommendation
Values of Rs. 6,458,795 of head office building belonging to the Pradeshiya Sabha had not been brought to financial Statements, thus the values of the assets had been understated in the financial Statements.	The final payment has not been paid for own Pradeshiya sabha head office building, has not been brought to Accounts.	Values of the head office building should be included in accounts of land and building and shows 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.	Annual Performance report had been attached by the Pradeshiya Sabha.	Action should be taken to submit the Annual Performance Report along with the financial statements in terms of Act.
(b) Financial Regulations of the Democratic Socialist Republic of Sri Lanka No. 571	No action had been taken in respect of retention money to be refunded to the contractors valued at Rs. 246,504.	Action should be taken for refunded to the contractors.	Appropriate action should be taken related refunded deposits as per the financial regulations.
(c) Ministry of Public Administration and Management Circular 30/2016 of 29 December 2016	Fuel consumption had not been tested for 05 vehicles of the Sabha.	Action had been taken to test fuel consumption.	Appropriate action should be taken to test fuel consumption as per circular.
(d) Other Circular Local Government Services circular No. 2018/e Local Government 01 dated 19.07.2018	Services receiving facilities had not been provided through the online for citizens.	Not replied.	Action should be taken to issue online services to citizens in the respective period as per the circulars.

2.2.2 Rates and Taxes

Audit Observation

No actions had been taken to recover arrears of rates and taxes totaling Rs. 1,030,139 of the year under review for over the last 01 to 05 years.

Comment of the Accounting Officer

Not replied.

Recommendation

Action should be taken recover the rates and tax arrears in the periods.

2.2.3 Rental

Audit Observation

No actions had been taken to recover arrears of lease totaling Rs. 118,439.

Comment of the Accounting Officer

Not replied.

Recommendation

Action should be taken to recover the lease arrears by the Sabha in the due period.

2.2.4 Court Fines and Stamp Duties

(a) Court Fines

Audit Observation

Court fines totaling Rs. 1,386,081 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 amount.

Recommendation

Action should be taken to recover the arrears counts fine by the Sabha in the due period.

(b) Stamp Duty

Audit Observation

Stamp duties totaling Rs. 8,288,414 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 amount.

Recommendation

Action should be taken to recover the arrears of stamp duty by the Sabha 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 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 for only 06 functions even as at 31 December 2019.	----- Not Replied.	----- Action should be taken to create 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 22 activities to be implemented by the Sabha as per by-laws enacted.	----- Not Replied	----- Appropriate action should be taken to prepare the action plan for respective operating activities.

(c) Delays in completion of Project

Audit Observation	Comment of the Accounting Officer	Recommendation
----- While 18 project works valued at Rs. 20,670,000 should be completed in 2019 year and Project works had not been completed in respective period.	----- Action will be taken to complete the relevant period in future.	----- Appropriate action should be taken to complete the project works by the Sabha in respective period.

(d) Solid Waste Management

Audit Observation -----	Comment of the Accounting Officer -----	Recommendation -----
(i) 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.	Sanitary labourers should be subjected to medical test for the period.
(ii) Solid wastes had been collected by the Sabha without being segregate the wastes as destroyable and non-destroyable wastes.	Actions will be taken to segregate and collect.	Actions should be taken to segregate and collect solid waste.

(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.	Appropriate actions should be taken by the Sabha for environmental Protection.

3.2 Management Inefficiencies

Audit Observation -----	Comment of the Accounting Officer -----	Recommendation -----
(a) No actions had been taken in respect of community center grants of Rs. 250,000 issued for the period from the year 2009 to the year 2019.	Action will be taken and issued for the due period.	Action should be taken for utilized the grant of suitable needs and due period by the Sabha.
(b) 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.	Not replied.	Action should be taken to submit appropriate report by the Sabha in the period.

3.3 Human Resources Management

Audit Observation

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 13 human resources had been delayed.

Comment of the Accounting Officer

Appropriate action has been taken to fill the vacancies.

Recommendation

Appropriate action should be taken to fill the vacancies by the Sabha in the period.

3.4 Operating Inefficiencies

Audit Observation

It was mentioned that the Sabha should issue "K" form to the owners of the properties to recover rates and taxes of lands under the purview of the Sabha annually. However, "K" form had not been issued to the general public by the Pradeshiya Sabha for the properties.

Comment of the Accounting Officer

Action has been taken to issue "K" form for recover the assessment tax.

Recommendation

Action should be taken to issue the "K" form by the Sabha in term of Pradeshiya Sabha Act.

3.5 Assets Management

3.5.1 Failure in carrying out Maintenance and Repairing

Audit Observation

Necessary action had not been taken to repair 09 vehicles being used by the Pradeshiya Sabha.

Comment of the Accounting Officer

Appropriate action will be taken.

Recommendation

Action should be taken to related vehicles repairs.

3.5.2 Assets not acquired

Audit Observation	Comment of the Accounting Officer	Recommendation
No action had been taken to transfer ownership of 07 vehicles being used by the Pradeshiya Sabha.	Action will be taken to transfer the ownership.	Appropriate action should be taken to transfer the ownership of vehicles of Sabha.

3.5.3 Idle Assets

Audit Observation	Comment of the Accounting Officer	Recommendation
Toilet, dress changing room, water tank, waste disposal tank, coastal chair and sales shop valued at Rs. 2,805,443 constructed in the year 2016 at Manatkadu coastal for tourism sector had remained idle up to now without being used and maintained.	The people who were in that area was not interested to use and also indirectly showed there against.	Action should be taken to use the buildings constructed by the Sabha.

3.6 Procurement

3.6.1 Procurement Plan

Audit Observation	Comment of the Accounting Officer	Recommendation
A procurement plan had not been prepared by the Sabha for every year in respect of services as per mentioned in the Procurement Guideline 4.2. A procurement plan had been prepared without following based document for preparation, proposals and services included in the development plan proposals of Local Authorities for 4 years.	Budgets Proposal Works and PSDG Funds Works had been implemented by considering development plan of people participation, request of general public	A procurement plan should be prepared as per an approved format.

3.6.2 Contract Administration

Audit Observation

Comment of the Accounting Officer

Recommendation

In terms of procurement guideline 5.4.11, copy of the details of Value Added Tax made in respect of contract works had not been forwarded to the National Audit Office.

Not replied.

Action should be taken by the Sabha and copy of the report on Value Added Tax should be forwarded to the National Audit Office.

4. Accountability and Good Governance

4.1 Budgetary Control

Audit Observation

Comment of the Accounting Officer

Recommendation

This budget was inefficient due to difference between budgetary expenditure and actual expenditures in Sabha.

Not replied.

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