

**Valikamam South 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 28 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 29 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 Valikamam South 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
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Accounting policies adopted in preparing the financial statements had not been disclosed by the Sabha in the financial statements.	Not replied.	Accounting policies should be disclosed in the financial statements.

**(b) Accounting Deficiencies**

Audit Observation	Comment of the Accounting Officer	Recommendation
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(i) It has been overstated the land and building value in the financial statement, due to Rs. 3,242,600	The case is pending in the court.	Appropriate action should be taken to avoid shown non ownership of

value of non owner of land to the Sabha has been included in the financial statement.

the lands in financial statements.

- (ii) It has been understated the land and building value in the financial statement due to value of 10 cemeteries has not been included in the financial statement. Will be disclosed in the financial statement in future. Action should be taken to include in the financial statement.

#### 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)	Annual performance report had not been presented along with the financial statements.	Will be submitted in future.	Action should be taken in terms of Act.
(b) Pradeshiya Sabhas Act No. 15 of 1987 Section 126(III) (f)	No appropriate actions had been taken regarding the 41 unapproved advertisements valued at Rs.158, 157.	Letters has been sent to unpaid advertisement.	Action should be taken in term of Act.
Section 158(1)	Warrant had not been issued by the Chairman to the defaulters of arrears of assessment tax on property Rs. 21,241,919.	Action has been taken to recover the arrears.	Action should be taken in term of Act.

(c)	Pradeshiya Sabhas (Financial and Administrative) Rule of 1988	Section 193 of Chapter X	It has not been prepared the reason including statement with comparing the differentiations in the details of revenue and expenses of the budget.	Will be sent with annexes in future.	Action should be taken as per the relevant rules.
(d)	Financial Regulations of the Democratic Socialist Republic of Sri Lanka	No. 371	It has not been settled the amount of Rs.600,000 advances payment for tipper chargers which is paid in 2018 up to now.	Will be settled after receive inquiry report.	Action should be taken in terms of relevant regulation.
(e)	Ministry of Public Administration and Management Circular	02/2018 (1) of 24 January 2018	Could not be ensured that the staff training for at least 12 hours per year.	Action has been taken to provide training in the current year.	Action should be taken in terms of Circular.
(f)	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 after get the permission from Hon. Governor.	Action should be taken in terms 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. 132,421,533 as compared with the corresponding the revenue over recurrent expenditure of the preceding year amounted to Rs. 69,101,854.

## 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	14,063,700	14,884,570	24,459,838	14,118,700	14,936,876	20,698,175
Rentals	45,022,800	44,783,099	1,863,071	43,696,800	42,860,188	2,329,771
License Fees	4,780,000	9,790,162	-	4,978,000	2,896,341	-
Other Revenue	101,808,205	143,597,228	23,641,768	94,606,854	85,319,492	18,431,747
	<b>165,674,705</b>	<b>213,055,059</b>	<b>49,964,677</b>	<b>157,400,354</b>	<b>146,012,897</b>	<b>41,459,693</b>

### 2.2.2 Rates and Taxes

#### Audit Observation

#### Comment of the Accounting Officer

#### Recommendation

No action had been taken to recover arrears of assessment tax on property totalling Rs.21,241,919 by the Sabha in the year under review.

Action has been taken to collect by the officers.

Appropriate action should be taken recover the arrears of rates and taxes in the due periods.

### 2.2.3 Rentals

#### Audit Observation

#### Comment of the Accounting Officer

#### Recommendation

(a) No actions had been taken to recover arrears of stall rent Rs. 168,470.

Action is being taken to recover.

Appropriate action should be taken recover the rent arrears.

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| (b) No actions had been taken to recover arrears of lease value Rs. 1,620,526. | The Permission has been requested for written off to Hon. Governor. | Appropriate action should be taken recover the lease arrears. |
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### 2.2.3. Stamp Duties

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Audit Observation -----	Comment of the Accounting Officer -----	Recommendation -----
Stamp duties totalling Rs.18,431,747 had to be received from the Chief Secretary of the Provincial Council and all authorities as at 31 December 2019.	Has not been received to the Provincial Treasury up to now.	Appropriate action should be taken to recover the arrears stamp duties in the due period.

### 3. Operating Review

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#### 3.1 Performance

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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

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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 as per by-laws enacted.	An annual action plan will be prepared in future	Appropriate action should be taken in term of by- laws.

#### (b) Delays in completion of Project

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Audit Observation -----	Comment of the Accounting Officer -----	Recommendation -----
05 Projects carried out at a cost of Rs. 11,358,341 have not been completed for 03 months after the end of the contract period.	Projects have been functioned.	Action should be taken to complete the contract work in the due period.

(c) **Solid Waste Management**  
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<b>Audit Observation</b> -----	<b>Comment of the Accounting Officer</b> -----	<b>Recommendation</b> -----
Garbage spilled all over the road and faces the head problem of the public due to garbage collected in the open vehicles.	Action should be taken to use the nets.	Action should be taken to use the closed vehicles.

(d) **Environmental Issues**  
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<b>Audit Observation</b> -----	<b>Comment of the Accounting Officer</b> -----	<b>Recommendation</b> -----
(i) 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.	No spray is recommended for these.	Action should be taken to efficiency as per the Solid waste management.
(ii) The Sewage could not been clean in the area of the Sabha, due to since 2016, the construction of sewage cleaning centre of the provision fund of the Ministry of Prisons Rehabilitation and Hindu Religious Affairs, has not been completed up to now.	The Sewage Recycling Project carried out by the District Secretariat has not been handed over to us.	Action should be taken to efficiency as per the Solid waste management.

3.2 **Management Inefficiencies**  
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<b>Audit Observation</b> -----	<b>Comment of the Accounting Officer</b> -----	<b>Recommendation</b> -----
(a) The pradeshiya sabha's important works could not be completed due to has not prepared the Local Government Assistant report in due period.	Action has been taken to prepare the relevant reports.	Action should be taken to submit the report in the due period.

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| (b) | A citizen charter of the general public had been displayed. However, contrary to matters mention therein, services provided to general public had been delayed.  | The services were delayed due to non-availability of recommendations from other departments in the due period. | Action should be taken to provide the public services in the due period.     |
| (c) | Fixed deposit fund valued at Rs. 241,147,508 had been deposited in the bank in order to generate interest revenue without being used for implementing development work schemes in the year under review. | Fixed deposits are withdrawn when projects are carried out.  | Action should be taken to process the development project in the due period. |
| (d) | The permission has not been granted for 95 building construction applications in the year under review.  | The recommendation of other departments is delayed due to unavailability of time.                              | Action should be taken to provide and approval in the due period.            |

### 3.3 Human Resources Management

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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 19 human resources had been delayed.	Appropriate action has been taken	Appropriate action should be taken to fill the vacancies in due period.

### 3.4 Operating Inefficiencies

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Audit Observation	Comment of the Accounting Officer	Recommendation
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Form "K" has not been issued to the 21,209 properties owners in the year under review.	These errors will be adjusted in future.	Appropriate action should be taken in terms of Act.

### 3.5 Assets Management

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#### 3.5.1 Assets not acquired

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<b>Audit Observation</b>	<b>Comment of the Accounting Officer</b>	<b>Recommendation</b>
----- No action had been taken to transfer ownerships of usable by the Sabha 06 vehicle to the Sabha up to now.	----- Action has been taken to transfer the ownership.	----- Appropriate action should be taken to transfer ownership of the vehicles.

#### 3.5.2 Annual Board of Survey

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<b>Audit Observation</b>	<b>Comment of the Accounting Officer</b>	<b>Recommendation</b>
----- 228 No.of books had not been presented for annual board of Survey at two sub offices.	----- Appropriate action has been taken	----- Appropriate action should be taken about disadvantage.

### 4. Accountability and Good Governance

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#### 4.1 Budgetary Control

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<b>Audit Observation</b>	<b>Comment of the Accounting Officer</b>	<b>Recommendation</b>
----- It was observed that this budget was inefficient budget due to grate differences between budgetary expenditure and actual expenditure for the recurrent expenditures.	----- Expenses were reduced due to the reason the pensioners died.	----- Appropriate action should be taken to efficiently plan the Budget.

#### 4.2 Internal Audit

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<b>Audit Observation</b>	<b>Comment of the Accounting Officer</b>	<b>Recommendation</b>
----- Internal Audit report has not been prepared in the due period.	----- This error will be rectified in future.	----- Action should be taken to submit internal audit report in the due period.