

Vavuniya South Tamil Pradeshiya Sabha

Vavuniya District

1.1 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 23 June 2020 and 22 July 2020 respectively.

1.2 Qualified Opinion

In my opinion, except 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 Vavuniya South Tamil Pradeshiya Sabha as at 31 December 2019 and its financial performance for the year ended in accordance with Generally Accepted Accounting Principles.

1.3 Basis for Qualified Opinion

(a) Accounting Policies

Audit Observation	Recommendation	Comment of the Accounting Officer
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Accounting policies adopted in preparing the financial statements had not been disclosed by the Sabha in the financial statements.	Accounting policies should be disclosed in the financial statements.	Accounting policies adopted in preparing the financial statements had been annexed by the Sabha.

(b) Accounting Deficiencies

Audit Observation	Recommendation	Comment of the Accounting Officer
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Five assets of the Sabha had not been available physically. However, financial statement had been included in the value of the assets as at the end of the year, thus value of the assets as at 31 December 2019 had been overstated by Rs. 1,794,960.	Only the Assets which were available physically should be shown in the Financial statements.	Letter has sent for the request of approval written off.

(c) Lack of Written Evidences for Audit

Audit Observation	Recommendation	Comment of the Accounting Officer
Could not be certified the audit with satisfactorily due to non-submission of land deeds of land ownership of five land accounts valued Rs. 177,314,653, fixed assets register and fixed deposit certificate.	Certifying evidences of balances should be submitted to audit.	Application forms for obtaining land documents have been sent to the Divisional Secretary. However no documents were received

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	Recommendation	Comments of the Accounting Officer
(a) National Audit Act No. 19 of 2018			
Sub section 16(2)	Annual performance report had not been presented along with the financial statements.	Should be acted according to the instruction of the authority acts.	Will be presented with the financial statement in future.
(b) Financial Regulations of the Democratic Socialist Republic of Sri Lanka.			
(i) Financial Regulation 371(5)	Action had not been taken in respect of 06 advances totaling Rs. 200,815 for the last two years.	Should be acted in terms of financial regulations.	An amount of Rs. 22,277 in advance accounts has been sent for approval for written off and others are the amount paid to the Survey Department. A request letter has been sent to the relevant department to take action to rectify the advance.

(ii) Financial Regulation 571	No action had been taken 08 laps deposits of values Rs. 214,455 for more than 02 years.	Should be acted in terms of financial regulations.	It was not refunded since the request was not submitted. Currently, Actions are being taken to notify the beneficiaries and convert them to income as per the financial regulation.
(c) Procurement Guideline of the Democratic Socialist Republic of Sri Lanka			
(i) Section 178(3)	It has not been papered a register including names of community based organizations and community centers of which carry out contract works effectively.	Should act in terms of Procurement Guidelines.	Action will be taken to maintain the registers.
(d) Asset Management Circular No. 01/2017 of 28 June 2017	It has not been taken action to documents the all assets of the Sabha.	Should be acted in terms of the circular instructions.	Individual files and general files are maintained regarding the action related the assets.

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 amount to Rs.20,966,862 as compared with the corresponding the revenue over recurrent expenditure of the preceding year amounted to Rs.13,392,468.

2.2 Revenue Administration

2.2.1 Estimated Revenue, Billed Revenue, Collected Revenue and Arrears of Revenue

Information on the estimated revenue, billed 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	Billed Revenue	Collected Revenue	Total Arrears as at 31 December	Estimated Revenue	Billed Revenue	Collected Revenue	Total Arrears as at 31 December
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Rates and Taxes	3,500,000	3,274,905	3,692,170	3,136,672	3,500,000	32,749,905	3,499,360	1,883,898
Rentals	2,964,300	2,964,300	2,241,737	90,266	3,007,300	3,007,300	23,066,125	10,103
License Fees	2,260,000	2,260,000	2,425,583	-	2,160,000	2,160,000	2,305,730	-
Other Revenue	65,310,600	65,310,600	76,446,076	49,499,485	62,913,716	62,913,716	45,192,887	20,944,685
Total	74,034,900	73,809,805	84,805,566	52,726,423	71,581,016	100,830,921	74,064,102	22,838,686

2.2.2 Performance in Collection of Revenue

Audit Observation	Recommendation	Comment of the Accounting Officer
(a) It was observed in audit the difference between the budget income and actual income Rs. 145,730 to Rs. 3,111,802 due to the budget estimate was not papered properly and estimate was not planned and programmed.	Budget should be Prepared properly.	It will be prepared the budget without such differences in the future.
(b) Could not accept and certify the budget since not received the reasons for the amount of Rs. 38,280 shown in the financial statements as Ayurveda donation to be received by the Sabha for more than last 29 years.	Actions should be taken by the Sabha to recover the arrears.	Written off request letter has been sent for approval.

2.2.3 Rates and Taxes

Audit Observation	Recommendation	Comment of the Accounting Officer
It was observed that no constructive actions have been taken by the Sabha for the last 01 to 05 years to collect the total amount of Rs. 2,235,999 of rates and property tax arrears due to property tax rates have not been revaluated for more than 08 years and could not satisfactorily identify the correct reasons of the collection and balance of property tax rates cannot be satisfactorily accepted and confirmed.	Actions should be taken to recover arrears of rates and taxes.	Despite repeated letters sent to the Valuation Department requesting a reassessment, it was not re-evaluated and also the unable to collect arrears due to the owner are not residences property anyway the arrears have been collected by the distraining officer for the relevant year.

2.2.4 Other Revenue

Audit Observation	Recommendation	Comment of the Accounting Officer
It has not been taken any constructive action regarding 27 types of arrears of revenue totaling Rs. 504,252 of rented J.C.P. motor grader and motor roller belonging to the Sabha for more than last 1 to 6 years.	Constructive actions should be taken to recover arrears of revenue.	The Sabha owned JCP, Motor Grader, and Road Roller were hired under Camberlia Project. Currently payments are made and over 90 percent of the vehicle rental has been recovered.

2.2.5 Court Fines and Stamp Duties

(a) Court Fines

Audit Observation	Recommendation	Comment of the Accounting Officer
To be recovered the total Rs.19,295,513 court fines from the Chief Secretary of the Provincial Council and all authorities as at 31 December 2019.	Action should be taken to recover the arrears in the due period.	It is customary that the current year court fine will be recovered consecutive next year.

(b) Stamp Duties

Audit Observation	Recommendation	Comment of the Accounting Officer
The value Rs.5,706,476 of the stamp fee has to be recovered from the Chief Secretary of the Provincial Council and all authorities as at 31 December 2019.	Action should be taken to recover the arrears stamp duties in the due period.	It is customary that the current year stamp fee will be recovered consecutive next year.

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-Laws

Audit Observation	Recommendation	Comment of the Accounting Officer
By-laws were required to be enacted for 30 main functions in terms of section 126 of the Pradeshiya Sabha's Act. But 19 by-laws had been enacted for functions even by 31 December 2017.	By-laws should be acted in respect of 30 main functions in terms of section 126 of the Pradeshiya Sabhas Act.	19 by-laws have been carried out only because they are relevant to the audit.

(b) Delays in completing activities

Audit Observation	Recommendation	Comment of the Accounting Officer
Delays were observed in the implementation of 09 activities worth Rs. 12,952,000 carried out by the Sabha.	Activities should be completed in the due period.	Payment funds were not received on the due date. The Payment is provided now.

(c) Solid Waste Management

Audit Observation	Recommendation	Comment of the Accounting Officer
(i) Environmental license had not been obtained for the places of disposing garbage.	License should be obtained.	Environmental permit could not be obtained due to non-availability of land clearance. Systematic follow-up action will be taken if the right is transferred.
(ii) Sanitary labourers had not been subjected to medical checkup annually.	Action should be taken to medical checkup for Sanitary laborers annually.	A medical checkup was performed once in the past. This practice will be continued to follow in the future.
(iii) Garbage had not been categorized and collected separately	Garbage should be categorized and collected.	Most of the waste collected by us is collected and disposed of without being classified as compostable waste. However it is currently being discussed to sort and collect the waste.
(iv) The Sabha has not been implemented a work plan to categorize the garbage which are brought to the dumping place.	A work plan should be implemented by Sabha for categorize garbage.	About 1000 - 1500 kg of waste is disposed by us on a daily basis and 90 per cent of it is compostable waste which is being disposed of without disposal at the disposal site and there is a lack of funds in the Sabha for the solid waste disposal project.

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| (v) | Training had not been provided to officers in respect of waste management. | Training in respect of waste management should be provided to officers. | Although training has been provided in the past but has not been provided in recent times, a request has been submitted to provide it. Will be conduct a training departmentally soon. |
| (vi) | Has not been maintained the information and data system required to waste management. | Data and information in respect of waste management should be prepared systematically. | Kindly inform you that actions will be taken to maintain the data system in future. |
| (vii) | The solid wastes was set on fire for effect the environment without being subjected to recycling the solid wastes | Solid wastes should be subjected to recycling. | Local councils face a major challenge due to the large amount of funding required to develop an appropriate mechanism for solid waste management and the lack of a model national plan. Would like to inform you that an alternative plan for this will be taken up soon though it may need to be set on fire to reduce the amount of garbage that is removed on a daily basis. |

3.2 Management Inefficiencies

Audit Observation	Recommendation	Comment of the Accounting Officer
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No meaningful actions have been taken to settle a sum of Rs.949,000 of 04 creditors even as at 31 December 2019 by the Sabha.	Arrears of debtors should be settled.	The payment is to be made at the end of the year but payments were not made due to non-availability of payment vouchers.

3.3 Human Resources Management

Audit Observation	Recommendation	Comment of the Accounting Officer
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(a) Vacancies -----		
Seven staff vacancies of the Sabha had not been filled as at 31 December 2019.	Action should be taken to fill the vacancies by the Sabha in the due period.	Interview has been conducted for scheduled posts. Action will be taken to fill these vacancies.

(b) Employee Security Deposits

Three officers had been resigned from the Sabha for a Long period. However, action had not been taken to refund a sum of Rs.12,500 included in the employee security deposits of the Sabha as at 31 December 2019.

Action should be taken to refund Security money.

Actions have been taken to repay now the security money of the employee's security money who has retired from their jobs.

3.4 Operating Inefficiencies

Audit Observation -----	Recommendation -----	Comment of the Accounting Officer -----
(a) No meaningful actions have been taken to carry out reassessment of properties under the purview of the Sabha and recover assessment tax on properties for over the last 12 years.	Actions should be taken to carry out reassessment of properties and recover assessment tax on properties.	A letter has been sent to re assessment of the property of the village where the property tax is currently being collected. Has not yet been evaluated.
(b) Approval had been granted by the Sabha for 610 buildings. However, certificate of conformity had been submitted to 165 parties only. Actions had not been taken to issue certificate of conformity 445 parties last 7 years.	Actions should be taken to issue certificate of Conformity.	Out of the 445 applicants' applications some are not recommended by the Medical Officer of Health and some of the applicants have not completed the buildings constructions and submitted the request application for certificate of conformity.

3.5 Assets Management

3.5.1 Failure in carrying out Maintenance and Repairing

Audit Observation -----	Recommendation -----	Comment of the Accounting Officer -----
Action has not been taken to use 04 vehicles of the Sabha up to now.	Actions should be taken to use by repair the vehicle to usable manner and should be used.	The vehicle 144-8379 has been repaired to usable. Actions are being taken to transfer the names of the other 03 vehicles. After the name being transferred will be take further actions.

3.5.2 Assets not acquired

Audit Observations	Recommendation	Comment of the Accounting Officer
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(a) Ownership of 61 lands being used by the Sabha has not been transferred to the Sabha.	Action should be taken to transfer ownership of the lands to the Sabha.	Already a letter has been sent to the Divisional Secretary requesting the issuance of documents for all lands owned by the Sabha.
(b) Eight vehicles received as a donation had not been owned by the Sabha.	Action should be taken by the Sabha to transfer ownership of the vehicles.	Actions are being taken to transfer the ownership of the 08 donated vehicles to the Sabha.

3.5.3 Underutilized Assets

Audit Observation	Recommendation	Comment of the Accounting Officer
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(a) Construct a name board at accessing gate of the play ground under the work scheme of specific development grant by the Sabha has been completed at a cost of Rs. 577,095 on 09 March 2015. However, because playground has not been owned by the Sabha, thus play ground had not been used up to the date of this report and no any actions have been taken to transfer its ownership up to now.	Action should be taken to use and transfer the ownership of the playground and make for use it.	We have receive a copy of the letter stating letter has been sent by the Divisional Secretary to the Provincial Land Commissioner, Northern Province regarding transfer of land ownership of constructed Omanthai Sports complex under the dedicated development donation fund. Action will be taken to release for public after transfer the land ownership receive.
(b) Completed the construction works as at a cost of Rs. 2,002,345 of Komarasankulam Park carried out by the Sabha under the work scheme of development grant on 07 December 2015. However, it has not been used up to now.	Action should be taken to use for the park.	A free Ayurveda medical service is being conducted at Komarasankulam Public Park for our congregation. Currently, the herb garden is being set up as per the resolution passed by the Sabha.

4. Accountability and Good Governance

4.1 Budgetary Control

Audit Observation	Recommendation	Comment of the Accounting Officer
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Difference between Rs.01 to Rs.3,077,694 the budget expenses and the actual expenses due to budget estimate has not been prepared properly and estimate has not been planned and programmed in a proper manner.	Budget estimate should be prepared properly.	It will be prepared the budget without occur such difference in future.