

Thanamalwila Pradeshiya Sabha

Monaragala District

1. Financial Statements

1.1 Presentation of Financial Statements

The financial statements for the year 2019 had been presented for the 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 on 29 June 2020.

1.2 Qualified Opinion

In my opinion, except for the effect of matters described in the part, basis for qualified opinion of this report, the financial statements give a true and fair view of the financial position of the Thanamalwila 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 the Qualified Opinion

(a) Accounting Deficiencies

Audit Observations	Recommendations	Comments of the Accounting Officer
(i) 95 Cemeteries and the Land with stalls located at Moraketiya Junction belongs to the Pradeshiya Sabha had not been assessed and not declared in the statement for financial position.	The Accounts should be prepared accurately.	Inform that this property would be assessed and included in the Financial Reports when preparing the Financial Reports for the year 2020.
(ii) A motor Grader received in the year 2019 as a donation of Rs.6,009,602 had not been entered in the Capital Revenue and Capital Expenditure Account, therefore it had been shown Rs.6,009,602 each less.	The Accounts should be prepared accurately.	Inform that it would be corrected by journal entries in the financial statements in year 2020.
(iii) The Capital Expenditure for the year under review of Rs.1,083,100 had been accounted as Recurrent Expenditure.	The Accounts should be prepared accurately.	Inform that actions would be taken to prevent this kind of errors in the future.

(b) Lack of Evidence for Audit

Audit Observations -----	Recommendations -----	Comments of the Accounting Officer -----
Documents for prove the possession and the Valuation reports on Lands and Buildings of Rs.1,687,057,688 and Fixed Assets Registers on Furniture and Fittings of Rs.6,999,974 had not been rendered to the audit.	Evidence for confirming the balances declared in the financial statements should be furnished.	Inform that the valuation reports from a certified valuer would be obtained and they would be entered in the Fixed Assets register

1.4 Non Compliances

Non-compliance with Laws, Rules, Regulations and Management Decisions

Reference to Laws, Rules, Regulations and Management Decisions -----	Non Compliances -----	Recommendations -----	Comments of the Accounting Officer -----
(a) <u>Pradeshiya Sabha Act No.15 of 1987</u>			
(i) Section 134(1)	Rates had not been charged by identifying the Developed areas.	Actions should be taken according to the Act.	Inform that the developed areas had been mapped and actions would be taken to obtain the approval of the Minister in Charge of the Subject with the approval of the Assistant Commissioner of Local Government, Monaragala.
(ii) Section 147(1) and 149	Charges had not been recovered from 03 Hotels and Lodging Houses registered in the Sri Lanka Tourists Board or approved by that Board located within the authority of the Sabha.	Actions should be taken according to the Act.	Inform that the actions had been taken to recover the charges for the year 2018 and 2019 from the institutions that had not been charged.

(iii)	Section 126(vii)	Charges had not been recovered from the vehicle parks by enacting by-laws.	Actions should be taken according to the Act.	Inform that The by-law had been drafted for the Pradeshiya Sabhas by the mediation of the Department of Local Government and the Charges would be recovered after finishing that task.
(b)	<u>Establishment Code of the Democratic Socialist Republic of Sri Lanka</u> Section 4 of the Paragraph XXIV	Employee Loan balance of Rs.124,147 of 16 employees decedents the year 2014 had not been recovered.	Actions should be taken to recover the arrears employee loans.	Inform that the letters to settle the employee loans had been sent and the follow up actions had been taken.
(c)	Extraordinary Gazette No.1597/8 dated 17 April 2009	The Certificates of Conformity had not been issued on 62 building plans approved in the years 2014, 2015 and 2016 by the Sabha.	The Certificates of Conformity should be issued after the necessary field inspections.	Inform that it had been informed to forward applications to obtain the Certificates of Conformity and it had not been forwarded any applications up to now.
(d)	<u>The Financial Regulations of Democratic Socialist Republic of Sri Lanka</u> F.R.571	Actions had not been taken on 28 deposits balance total of Rs.466,491 over 02 year.	Actions should be taken according to the Regulations in the F.R.571.	Inform that actions would be taken to settle the expired general deposits.

2. Financial Review

2.1 Financial Results

According to the financial statements presented for the year ended 31 December 2019, the excess of revenue over recurrent expenditure of the Sabha amounted to Rs.25,423,503 as compared with the corresponding excess of revenue over recurrent expenditure of the preceding year amounting to Rs.9,363,166.

2.2 Revenue Administration

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

Information relating to the estimated revenue, revenue billed, revenue collected and the arrears of revenue presented for the year under review and the previous year appear below.

Source of Revenue	2019				2018			
	Estimated Revenue	Revenue Billed	Revenue Collected	Total arrears as at 31 December	Estimated Revenue	Revenue Billed	Revenue Collected	Total arrears as at 31 December
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
(i) Rates and Taxes	35,000	-	-	-	60,000	35,000	35,000	-
(ii) Rent	14,207,600	14,725,350	14,472,425	252,925	14,197,600	14,082,261	13,648,561	433,700
(iii) License Fees	2,307,350	2,005,773	2,005,773	-	1,697,715	2,031,502	2,031,502	-
(iv) Other Revenue	134,015,293	32,700,068	22,738,792	9,961,277	16,627,443	17,032,249	4,201,336	12,830,913
Total	150,565,243	49,431,191	39,216,990	10,214,202	32,582,758	33,181,012	19,916,399	13,264,613

2.2.2 Property Tax

Audit Observations

An arrears tax balance of Rs.768,277 should be received from the fish stalls, meat stalls and weekly fair brought forwarded over 10 years had not been recovered.

Recommendations

Arrears of Taxes should be recovered.

Comments of the Accounting Officer

Inform that an approval to write off the balances had been asked from the Chief Minister through the Commissioner of local Government.

2.2.3 Renting out Vehicles

Audit Observations

The arrears rent income of Rs.610,912 on account of renting the Motor Grader, Roller and the Tipper owned by the Sabha for over two years had not been recovered.

Recommendations

Arrears should be recovered.

Comments of the Accounting Officer

Inform that it had been referred to the Wellaway Court to make law suits and sent arbitration to recover this money.

2.2.4 Court Fines and Stamp Duty

Audit Observations

Court Fines of Rs.6,918,751 and Stamp Duty of Rs.1,935,683 had not been recovered from the Uva Provincial Council for the year under review.

Recommendations

The arrears Court Fines and Stamp duty should be recovered.

Comments of the Accounting Officer

Inform that Court Fines of Rs.3,659,821 and Stamp duty of rs.1,935,683 had been recovered.

2.3 Surcharges

Audit Observations

A sum of Rs.87,749 had been outstanding to be recovered as at 31 December of the year under review on Surcharges imposed by me during the past years against parties Pradeshiya Sabha Act.

Recommendations

The outstanding amount of Surcharges should be recovered.

Comments of the Accounting Officer

The law suit relevant these Surcharges are being examined in the Embilipitiya Court.

3. Operating Review

3.1 Performance

The following matters were revealed with regard to duties to be fulfilled by the Sabha in terms of Section 3 of the Pradeshiya Sabha Act, such as regularization and control of matters relating to public health, public utility services and public thoroughfares, public comfort, convenience and welfare.

(a) Sustainable Development

The Sabha had not been aware of the Sustainable Development Goals Agenda of United Nations 2030.

Goals and Targets of the Sustainable Development and indices to measure the progress of achieving them should be identified and measured.

Inform that the Staff would be given trainings relevant this and a Sustainable Development Plan would be made in the year 2020.

(b) Tasks not completed

Estimates on 06 works included in the Budget made for the year under review of Rs.50,875,168 had not been completed.

The works included in the Budget should be completed.

Inform that the Financial Allocations had not been received as expected therefore the works could not be completed.

3.2 Management Inefficiencies

Audit Observations

Recommendations

Comments of the Accounting Officer

(a) Actions had not been taken to collect 3050 Books valued of Rs.552,437 and 28 book shelves valued of Rs.210,000 that had been given for 15 Libraries carried out in private buildings not owned by the Sabha and not done by Sabha employees and these libraries are defunct at present.

Actions should be taken to put the libraries in to act.

No comments had been given.

(b) The environment protection permits had not been obtained for the Solid Waste Management Centre opened in the year 2011.

The environment protection permits should be obtained.

Inform that actions would be taken to obtain the environment protection permits in the future.

3.3 Human Resources Management

Audit Observations	Recommendations	Comments of the Accounting Officer
----- 03 vacancies relevant to 03 posts and 02 excesses relevant to 02 posts had been remained as at 31 December of the year under review.	----- The vacancies should be filled and the excess number of employees should be approved.	----- The excess Development Officer had been occupied in the Sewanagala Water Project and the Excess Post of Montessori teacher would be end with the retirement of the relevant officer. The vacancies had not been filled up to now.

3.4 Assets Management

3.4.1 Vehicle Utilization

Audit Observations	Recommendations	Comments of the Accounting Officer
----- A motor grader owned by the Sabha had been run for 223.6 metre hours from 01 January 2019 to 31 August by consuming fuel of Rs227,819 and completed 30 works according to its running charts. But the finished work reports and the estimates for 22 industries had not been prepared.	----- The estimates and the Finished Work Reports should be prepared.	----- Inform that the Finished Work Reports had been prepared for these works and inform that the estimates would be prepared and complete the works in the future.

3.4.2 Not Assuring the Security of the Assets

Audit Observations	Recommendations	Comments of the Accounting Officer
----- The roads within the authority of the Sabha had not been recognized and not published through a Gazette.	----- Actions would be taken to state the Roads and thoroughfares through the Gazette.	----- Inform that the roads are being recognized through Grama Niladari Divisions and it would be published through the Gazette as soon as that task had been finished.

3.5 Procurements

Contract Administration

Audit Observations

Recommendations

Comments of the Accounting Officer

- | Audit Observations | Recommendations | Comments of the Accounting Officer |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------|------------------------------------|
| (a) Sabha had paid for the transport subject of 12 Roads Projects developed using gravel over 200 square meters by the rates in works using gravel less than 200 square metres therefore it had been over paid Rs.1,404,751. | The Overpaid amount should be recharged. | No Comments had been given. |
| (b) Sabha had paid for cutting drains for laying pipes in the project for developing the Sewanagala Samagipura Nelumwewa Water Project by the rates to dig wells therefore Rs.55,440 had been overpaid. | The Overpaid amount should be recharged. | No Comments had been given. |
| (c) 02 Backhoe Loaders had been rented by the Sabha for the works to renovate 04 cemeteries, that 02 backhoe loader machines had been paid 40.9 hours more than the actual hours of hours worked and therefore it had been overpaid by Rs.96,240. | The Overpaid amount should be recharged. | No Comments had been given. |
| (d) It had been overpaid Rs.43,968 for the work subject of curing the road surface by adding water on 02 road concrete projects. | The Overpaid amount should be recharged. | No Comments had been given. |
| (e) Although the height of the roads should be 6 inches according to the work completion report and the bill of quantity relevant to 03 road concreting projects but the height had been 05 inches in the physical inspection therefore it had been overpaid by Rs.407,494. | The Overpaid amount should be recharged. | No Comments had been given. |

(f) It had been paid Rs.20,832 for the work subject of construction joints of 03 road concrete projects.	The Overpaid amount should be recharged.	No Comments had been given.
----------------------------------------------------------------------------------------------------------	------------------------------------------	-----------------------------

4. Accountability and Good Governance

4.1 Internal Audit

Audit Observation -----	Recommendation -----	Comments of the Accounting Officer -----
Sabha had not been carried out a proper Internal Audit for the year under review.	A proper Internal Audit should be carried out.	Inform that an internal auditor had been appointed on 01 June 2020.

4.2 Audit and Management Committee

Audit Observation -----	Recommendation -----	Comments of the Accounting Officer -----
Audit and Management Committee had not been held for the year under review.	Audit and Management Committee should be held in the Sabha.	Inform that we hope to held Audit and Management Committee in the future.