

Nagoda Pradeshiya Sabha
Galle District

1. Financial Statements

1.1 Presentation of Financial Statements

The Financial Statements for the year 2019 had been presented for audit on 06 April 2020 and the report of the Auditor General sent on 22 June 2020 and the Detailed Management reports sent on 30 June 2020 to the Chairman of the Council.

1.2 Qualified Opinion

In my opinion, except for the effect of matters described in the, basis for qualified opinion under the Section of my report the financial statements give a true and fair view of the financial position of the Nagoda 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

1.3.1 Accounting Deficiencies

Audit Observations	Recommendations	Comments of the Accounting Officer
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(a) Although an amount of Rs.2,564,721 was to be paid to the Department of Pension as of 31 December of the year under review, yet it was accounted as Rs.2,513,655.	Payable balances should be accounted correctly.	Action will be taken to rectify during the preparation of accounts of the year 2020.
(b) Although the court fines and Stamp fees to be received from the Chief Secretary as at the end of the year under review amounted to Rs.200,250 and 310,330 respectively, yet they were shown in Financial statements as Rs.451,526 and Rs.12,199,562 respectively.	Should be accounted correctly.	Action will be taken to rectify during the preparation of accounts of the year 2020.

1.3.2 Suspense Account

Audit Observations

Action had not been taken to resolve the suspense account debt balance of Rs.18,315 bought forward since 2008.

Recommendations

Action should be taken to resolve the balance of the Suspense account.

Comments of the Accounting Officer

Action will be taken to rectify in the next year.

1.3.3 Receivable and Payable Accounts

Audit Observations

(a) Receivable accounts

(i) Action had not been taken to recover an amount of Rs.1,619,068 of arrears of fair tax relevant to the preceding years in the balance of Rs.2,497,319 as at 31 December of the year under review.

(ii) Action had not been taken to recover an amount of Rs.12,199,561 of receivable stamp fees bought forward in financial statements.

(b) Payable accounts.

(I) Action had not been taken to settle a total of 04 Loan balances amounting to Rs.8,450,668 due from a number of years.

(ii) Action had not been taken to settle a total of payable Government donation amounting to Rs.977,611 relevant to the period of time from 2011 to 2017.

Recommendations

Action should be taken to recover balances due from preceding years.

Action should be taken to recover balances due from preceding years.

Balances coming from preceding years should be resolved.

Balances coming from preceding years should be settle.

Comments of the Accounting Officer

Action will be taken to recover in the future.

Action will be taken to recover in the future.

Action will be taken to pay in the future.

Action will be taken to pay in future.

1.3.4 Lack of Documentary Evidence for Audit

 Non submission of information
 Audit Observations

Recommendations

Comments of the
 Accounting
 Officer

 Information regarding the Advance account amounting to Rs.405,000 had not been presented for Audit.

 Information conforming the balances of the financial statements should be submitted.

 Action will be taken to rectify in the future.

1.4 Non compliance

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

References to the Laws, Rules, Regulations and Management decisions

Non-compliance

Recommendation

Comments of the
 Accounting Officer

 (a) 1988 Pradeshiya Saba (Financial and Administrative) Rules Rule 217 and 218

 An annual investigation had not been conducted on Land and Buildings belonging to the Council and a report had not been maintained according to the P.S.46 format.

 Action should be taken according to the rules.

 Action will be taken as accordingly in future.

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

 (i) Financial Regulation 396(c)

Action had not been taken relevant to 39 cheques amounting to Rs.76,985 which were issued but not presented for payment due more than 06 months.

Action should be taken according to the Financial Regulations.

Approval was taken after forwarding to the General Assembly. Action will be taken accordingly.

- (ii) Financial Regulation 1645 and 1646 Daily running charts and Monthly Summaries of 08 vehicles were not presented for audit. Action should be taken according to the Financial Regulations. Approval was taken after forwarding to the General Assembly. Action will be taken accordingly.
- (c) Paragraph 3.1 of the Circular No.30/2016 the Public Administration dated 29 December 2016 Fuel consumption tests was not done for the vehicles belonging to the council. Action should be taken according to guidelines of the Circulars. Fuel combustion will be tested in future.
- (d) Paragraph 5.1 of the Circular No.30/2016 of the Public Administration dated 29 December 2016 Log books of the vehicles belonging to the council were not maintained. Action should be taken according to guidelines of the Circulars. Action will be taken to rectify in future.

2. Financial Review

2.1 Financial Results

According to the Financial Statements presented, the Revenue over Recurrent Expenditure of the Council for the year ended 31 December 2019 amounted to Rs.5,297,138 as compared with the corresponding Revenue over Recurrent Expenditure for the preceding year amounted to Rs.4,936,110.

2.2 Revenue Administration

Estimated Income, Billed Income, Collected Income, and Arrears of Income

The details of the Estimated Income, Billed Income, Collected Income and Arrears of income for the year under review and the preceding year are shown below.

Source of Income	2019				2018			
	Estimated Income Rs.	Billed Income Rs.	Collected Income Rs.	Total arrears of income at 31 December Rs.	Estimated Income Rs.	Billed Income Rs.	Collected Income Rs.	Total arrears of income at 31 December Rs.
Assessment and tax	786,500	890,263	830,525	396,124	64,000	65,812	4,093	336,386
Rent	5,049,600	4,472,950	3,969,650	3,037,269	3,498,380	3,531,600	2,823,783	2,533,969
Permit fees	518,600	271,030	118,598	274,882	450,000	1,028,522	906,072	122,450
	6,354,700	5,634,243	4,918,773	3,708,275	4,012,380	4,625,934	3,733,948	2,992,805

2.2.1 Assessment and Tax

Audit Observations	Recommendations	Comments of the Accounting Officer
(a) Action had not been taken to published Assessment areas according to the Paragraph 134(1) and (2) of 1987 Pradeshiya Sabha act No.15 and collect assessment tax.	Action should be taken according to the Act.	Action will be taken in the future.
(b) Action had not been taken to recover arrears of acreage tax and to identify parties whom Acreage tax should be collected from as according to the Paragraph 158(1) of 1987 Pradeshiya Sabha act No.15.	Action should be taken according to the guidelines of the Act.	Action will be taken in the future.

3. Operational Review

3.1 Performance

Facts observed relating to the execution of activities by the Pradeshiya Sabha in accordance with Section 3 of the Pradeshiya Sabha Act such as regulation of health of the general public, common utility services and public road facilities and maintenance of people's welfare, facilities and development are given below.

(a) Delay in performing duties

Audit Observations	Recommendations	Comments of the Accounting Officer
Although 38 projects were planned to be initiated in 2019, only 04 projects were initiated.	Action should be taken in a way that the goals of the council are met.	Action will be taken relevant to this in the future.

(b) Goals of Sustainable Development

Audit Observations	Recommendation	Comments of the Accounting Officer
Plans had not been made according to 2030 Agenda for the Purposes of Sustainable Development for the global view of such purposes to enhance the living standards and health of the people living in the Council Territory.	Action should be taken to prepare and include long-term plans for the Sustainable Development within the action plan.	A plan had been made and relevant action will be taken in the future.

(c) Solid waste management

Audit Observations

A proper waste management plan was not initiated.

Recommendation

Proper and long-term plans should be made for the disposal of waste.

Comments of the Accounting Officer

Action will be taken properly to manage waste after obtaining a land.

(d) Weaknesses in performing projects.

Audit Observations

- (i) Although an amount of Rs.300,000 was set aside under Criteria based Development Grants in 2019 for the development of the Okvita Preschool, developmental work was not started even as at November 2019.
- (ii) 38 development projects amounting to Rs.16,800,000 were planned to be initiated as according to the action plan of the year under review but only 06 projects amounting Rs.2,500,000 was initiated.
- (iii) An amount of Rs.17,301,525 received for the development of 20 roads under the project of Developing Roads of Rural Areas under the Ministry of Internal Home Affairs and Provincial Council and 07 road projects totaling to Rs.4,294,925 could not be initiated.

Recommendation

- The pre school should be properly maintained using the provision.
- Action should be taken to act according to the action plan using the given provisions.
- Action should be taken to act according to the action plan using the given provisions.

Comments of the Accounting Officer

- Action is being taken to rectify the weakness.
- Expected to initiate uninitiated projects in 2020.
- Expected to initiate uninitiated projects in the year 2020.

3.2 Management Inefficiencies

(a) Lease of Shop rooms

Audit Observations	Recommendation	Comments of the Accounting Officer
A shop room of the Mapalagama new shopping complex belonging to the council was closed and lease agreements were not signed for 07 shop rooms of the shopping complex belonging to the council.	Action should be taken to sign agreements and obtain Lease income from the shop rooms.	Required Action will be taken to initiate the remaining work.

3.3 Human Resource Management

Audit Observations	Recommendation	Comments of the Accounting Officer
18 vacancies and 22 excess of cadre was present in the approved cadre.	Action should be taken to recruit to required vacancies and formalize excess of cadre.	Action is being taken to recruit workers to formalize vacancies.

3.4 Assets Management

Idle/Underutilized Asset

Audit Observations	Recommendation	Comments of the Accounting Officer
(a) The multi purpose building and the toilet system constructed under the Puranaguma project in 2016 for an amount of Rs.44,457,110 was left idle since 2016.	Action should be taken to obtain income.	Action will be taken to notify government and private institutes and obtain income.
(b) 05 vehicles belonging to the council were not utilized and were left parked.	Action should be taken to repair and utilize the vehicles.	Repair work will be done after obtaining provisions.

4. Accountability and Good Governance

4.1 Internal Audit

Audit Observations

A proper internal audit had not been conducted although an Internal Audit officer was appointed

Recommendation

Proper internal audit should be conducted.

Comments of the Accounting Officer

Action will be taken to send reports after conducting internal audit.

4.2 Conducting Audit and Management Committees

Audit Observations

Only two Audit and Management Committees were held in the year under review.

Recommendation

Audit and Management Committees should be held at least once a quarter.

Comments of the Accounting Officer

Action will be taken to hold in future.