

**Navithanveli Pradeshiya Sabha
Ampara District**

1. Financial Statements

1.1 Presentation of Financial Statements

Financial statements for the year 2018 had been submitted to Audit on 02 April 2019 and the Summarized report and the detailed management audit report of the Auditor General on the said Financial Statements were sent to the Chairman on 31 May 2019.

1.2 Qualified Opinion

In my opinion, except for the effects of the matters described in the Basis for qualified opinion paragraph of this report, the financial statements give a true and fair view of the financial position of the Navithanveli pradeshiya sabha as at 31 December 2018, and of its financial performance for the year then ended in accordance with generally accepted accounting principles.

1.3 Basis for qualified opinion

Accounting Deficiency

Accounting Deficiencies

Recommendation

Comment of the
Accounting Officer

According to the proposed estimate of Rs. 1,993,645 for the project of laying pipes to distribute drinking water under the provincial specific development aid programmes, an advance payment had been made to the National Water Supply and Drainage Board. The proposed estimate had been shown as an expense even though the project had not been finished as at 31 December 2018.

Advance payments should be shown in accounts

Informing that necessary actions will be taken to avoid these kinds of deficiencies in the future.

1.4 Non-Compliance

Non-compliances with Laws, Rules Regulations and Management Decisions

Instances of non-compliance with Laws, Rules Regulations and Management Decisions are mentioned below.

Reference to Laws, Rules Regulations and Management Decisions -----	Non-Compliance -----	Recommendation -----	Comment of the Accounting Officer -----
(a) Pradeshiya Sabha Financial Administration Rules 1988 ----- Section 193	A statement on clarifying the differences of actual income and expenses compared with the budget for the year under review had not been prepared and submitted to audit.	Actions should be taken to prepare and present statements to audit in relevant times.	Informing that the necessary actions were already taken.
(b) Financial Regulations of the Democratic Socialist Republic of Sri Lanka 571	Actions had not been taken by the council to either pay back to the relevant personals or to take into government revenue regarding 6 expired deposits.	Actions should be taken according to the Financial regulations.	Informing that the necessary actions will be taken regarding expired deposits.

2. Financial Review

2.1 Financial Result

According to the financial statements presented, the revenue that exceeded the recurrent expenditure was Rs. 1,684,198 for the year ended on 31 December of the year under review and the correspondent revenue that exceeded the recurrent expenditure in the previous year was Rs.3,179,304.

2.2 Revenue administration

2.2.1 Estimated Revenue, Billed Revenue, Collected Revenue and Outstanding Revenue

Details of Estimated Revenue, Billed Revenue, Collected Revenue and Outstanding Revenue for the year under review and the previous year are given below

Source of Revenue	2018				2017			
	Estimated Revenue	Billed Revenue	Collected Revenue	Total Outstanding as at 31 December	Estimated Revenue	Billed Revenue	Collected Revenue	Total Outstanding as at 31 December
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Rates and taxes	-	-	-	-	-	-	-	-
Rent	2,944,500	2,819,504	3,061,139	1,269,148	2,856,000	1,634,256	1,661,755	1,510,783
License fees	485,000	448,100	448,100	-	485,000	426,300	426,300	-
Other Revenue	6,987,500	4,456,400	5,092,144	1,035,611	6,592,000	5,939,969	4,268,615	1,671,354

2.2.2 Lease rent

Audit Observation	Recommendation	Comment of the accounting officer
Outstanding lease rent of Rs. 1,234,304 that should be recovered from meat shops for the period of the year 2007 to the year 2012 had not been recovered even up to the end of the year under review.	Actions should be taken to recover outstanding.	Informing that, out of the outstanding amount a sum of Rs. 54,500 had been already paid and the outstanding is being further recovered monthly through the Mediation Board.

3. Operational Review

3.1 Performance

According to the section 3 of Pradeshiya Sabha Act, the following matters were revealed relating to formulation and regulating public health, public utility service and roads and wellbeing of the people, convenience and welfare which should be full filled by the sabha.

(a) By laws

Audit observation	Recommendation	Comment of the accounting officer
According to section 126 of the Pradeshiya Sabha Act No 15 of 1987, Bylaws should be prepared and implemented on Revenues and Regularization. Even though relevant proposals of bylaws on 5 matters were sent for the approval of the Minister of Local Government on 22 November 2013, required actions had not been taken to get the approval and implement the bylaw even up to 31 December 2018.	Bylaws should be prepared and implemented.	Informing that according to the sections 122 and 126 of Pradeshiya Sabha act no 15 of 1987 published by Local government notices in Section IV (b) of the Extraordinary Gazette No. 520/7 of 23.08.1988, out of the relevant by laws,42 bylaws which were to be implemented from 17.09.2018 onwards in the Navithanveli Pradeshiya Sabha area were sent to be published in the government gazette, after getting approval according to the 11 th decision made at the general assembly on 19.04.2019.

(b) Action Plan

Audit observation

Recommendation

Comment of the Accounting Officer

An annual action plan had not been prepared for 5 activities that should be carried out by the sabha according to the imposed bylaws

An annual action plan should be prepared regarding the activities that should be carried out according to bylaws.

Informing that, a development plan for 4 years in relevance to the time period of the year 2017 to the year 2020 will be prepared and implemented according to the bylaws of our Pradeshiya Sabha.

(c) Abandoned activities

Audit observation

Recommendation

Comment of the accounting officer

A solid waste center valued at Rs. 3 million which was built by a non-government organization and assigned to the Pradeshiya Sabha in the year 2010 had been remained idle until 12 July 2017 due to public opposition on the fact that it was built near a kovil without conducting a feasibility study. Furthermore, the fence surrounding the center and electric connection installations had been stolen.

Actions should be taken to use the said center.

Future actions are being carried out in this regard.

(d) Sustainable Development Goals

Audit observation

Recommendation

Comment of the accounting officer

Although plans for 19 activities to achieve sustainable development goals had been prepared in the year 2017, only 5 development work plans had been executed until the year under review. Furthermore, actions had not been taken to prepare indicators to measure sustainable Development Goals by the Sabha.

Actions should be taken to prepare indicators to measure sustainable development goals.

Informing that it is expected to reach work development goals by implementing plans to increase revenue in the future by the sabha itself and that actions will be taken to prepare common indicators.

3.2 Operating inefficiencies

Audit observation -----	Recommendation -----	Comment of the Accounting Officer -----
According to section 134 of Pradeshiya Sabha Act No 15 1978, an annual gross income of Rs. 3,200,000 is being lost due to actions not being taken to assess and recover rate taxes from 324 shops and 6,049 houses in the Pradeshiya Sabha jurisdiction	Actions should be taken to recover rate taxes.	Informing that, Actions will be taken to publicize areas to recover rate taxes and to assess and recover rate taxes in the future.

3.3 Assets Management

Failure to Perform Maintenance and Repairs

Audit observation -----	Recommendation -----	Comment of the Accounting Officer -----
Actions had not been taken to repair a Mahendra Single cab and a Dual-Purpose cab which had been parked in the vehicle yard of the Sabha from 19 December 2012 to 18 October 18.	Actions should be taken to repair and run again.	Informing that the actions are already being taken as of now.