

**Uhana Pradeshiya Sabha
Ampara District**

1. Financial Statements

1.1 Presentation of Financial Statements

The financial statements for the year 2018 had been presented for audit on 28 February 2019 and the summary report of the Auditor General on the financial statements and the detailed management report had been forwarded to the Chairman on 31 May 2019.

1.2 Qualified Opinion

In my opinion, except for the effects of 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 Uhana Pradeshiya Sabha as at 31 December 2018 and its financial performance for the year then ended in accordance with Generally Accepted Accounting.

1.3 Basis for Qualified Opinion

(a) Accounting Deficiencies

Audit Observation	Recommendation	Comments of the Accounting Officer
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(i) Value of 03 vehicle parks constructed within the Sabha premises had neither been assessed nor brought to accounts..	Accounts should be prepared accurately.	Admitted. Expenditure on constructing these vehicle parks has not been capitalized and action will be taken to bring the same to accounts as an asset.
(ii) Value of 03 computers purchased at a cost of Rs.322,920 had been capitalized as Rs.280,800	Value should be brought to account accurately.	Admitted.
(iii) According to respective Register in respect of 03 Libraries the value of purchased and donated books had been stated in financial statements as Rs.149,780 and Rs.110,803	Accounts should be prepared accurately.	Admitted. Action will be taken in future to accurately brought to accounts.
(iv) Stamp fees receivable from September to December of the year under review had neither been identified nor brought to accounts.	Accounts should be prepared accurately.	Admitted. At the time of preparing accounts no information had been received on these revenue and action will be taken to bring these revenue to accounts when preparing accounts in future.

- (v) Provisions had not been made in accounts for Rs.116,725 payable for concreting of the road in front of the Rajagalatenna. Accounts should be prepared accurately. Admitted. Action will be taken to rectify in future.

(b) Accounts Payable and Receivable

Audit Observation

Recommendation

Comments of the Accounting Officer

(a) Accounts Receivable

Stall rent in arrears amounting to Rs.221,933 recoverable for the period from 2008 to 2016 from 24 boutique Rooms had not been recovered.

Action should be taken to recover.

Admitted. Action will be taken to recover during early part of 2019.

(b) Accounts Payable

Various deposits aggregating Rs.3,209,459 as at 3,Dec. 2018 remained unsettled applicable to previous years.

Action should be taken to settle.

Admitted. As those values are being brought forward from previous years, early action will be taken to settle the same by checking documents.

(c) Lack of Necessary Documentary Evidence for Audit

Audit Observation

Recommendation

Comments of the Accounting Officer

06 items of assets aggregating Rs.13,969,260 and 03 items of liabilities aggregating Rs.5,567,873 could not be satisfactorily vouched due to non-rendering of balance confirming documents, schedules, time analysis.

Documentary evidence should be furnished to establish account balances shown in financial statements.

Admitted. Values in respect of above items of account have been brought annually and not maintained by taking balances forwarded. Action will be taken to accurately maintain these documents by checking previous accounts and documents.

1.3.4 Non Compliance

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

Reference to Laws, Rules, Regulations, and Management Decisions	Non-Compliance	Recommendation	Comments of the Accounting Officer
(a) Pradeshiya Sabha Act No.15 of 1987	<p>i. Section 140</p> <p>Rates and taxes had been recovered during the year under review based on an assessment of 2007 without periodical valuation of property for rates/tax collection.</p>	<p>Action should be taken in terms of regulations.</p>	<p>Admitted. Action has been taken for valuation.</p>
	<p>ii. Section 152</p> <p>The sum of Rs.39,000 recoverable from 03 telephone companies established in the Authority Area as at 31 Dec. 2018 had not been recovered.</p>	<p>Action should be taken in terms of Regulations.</p>	<p>Admitted. Action has been taken to recover.</p>
(b) Section 8 (a) (1) of the Urban Development Authority Act No. 41 of 1978	<p>Development Permit containing legal aspects and conditions had not been issued.</p>	<p>Action should be taken to issue a permit.</p>	<p>Admitted.</p>
(c) Pradeshiya Sabha(Finance and Administration) Rules of 1988	<p>(i) Rule 59</p> <p>Action had not been taken to identify institutions from which industrial Taxes could be collected by conducting a survey at the beginning of the year under review and to recover taxes accordingly.</p>	<p>Action should be taken in terms of Rules.</p>	<p>No institutions identified from which industrial tax could be recovered. It is expected to educate revenue administrators and take further action by obtaining studing survey reports.</p>

(ii)	Rules 217	Register as per P.S.46 form on all lands and buildings of Rs .62,656,258 had not been maintained.	Rules should be adhered to.	Admitted. Action will be taken to rectify in future.
(c)	Financial Regulations of the Democratic Socialist Republic of Sri Lanka			
(i)	F.R. 104 (4)	Full report to be submitted within 03 months from the date of accident caused to Crew Cab of the Sabha in 2017 had not been submitted.	Action should be taken in terms of Financial Regulations.	Admitted.
(ii)	F.R. 110	Loss/Damage Register had not been maintained.	Loss/Damage Register should be maintained	Admitted. Action is being taken to prepare a loss/damage register.
(d)	Public Administration Circular No.30/2016 dated 29 Dec. 2016	Fuel testing of 10 vehicles and machinery/equipment had not been carried out.	Fuel testing should be carried out.	Admitted. On a number of Occations although submitted for testing, it was not materialized. Action in this regard will be taken in future.
(e)	Treasury Circular No. IAI/2002/02 dated 28 November 2002	Register had not been maintained on computers & accessories of Rs.1,325,437	A Register should be maintained on computers and accessories	Admitted. Action is being taken to prepare in future. At present these computers & accessories have been inventorized..
(f)	Other Circulars			
(i)	Circular No.22 dated 17 May 1988 of the Local Government Commissioner	All immovable property in the authority area had not been assessed once in 05 yrs..	Admitted. Properties are to be assessed.	Admitted. Due to take action in future.

- (ii) Circular No.46 dated 31 December 1980 of the Local Government Commissioner Rental of 24 stalls in Uhana leased out by the Sabha had not been assessed. Interm of the Admitted. Action to circular this effect will be taken assessment in future. should made once in five years.

2. Financial Review

2.1 Financial Result

According to the financial statements presented, the excess of recurrent expenditure over revenue of the Sabha for the year ended 31 December 2018 amounted to Rs. 1,335,440 as compared with the excess of the recurrent expenditure over revenue of the preceding year amounted to Rs. 5,024,652.

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 furnished for the year under review and the previous year appear below

Source of Revenue	2018				2017			
	Estimated Revenue	Billed Revenue	Collected Revenue	Total in arrears as at 31 Decemb	Estimated Revenue	Billed Revenue	Collected Revenue	Total in arrears as at 31 Decemb
	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)
Rates & Taxes	1,944,785	1,641,072	1,185,513	3,876,744	1,069,876	1,044,785	1,043,573	3,414,214
Lease Rent	5,830,736	5,283,934	5,376,956	221,933	1,057,748	989,978	936,941	298,781
Licence fee	830,000	744,165	744,165		250,000	480,650	480,650	
Other Revenue	4,340,000	4,457,749	5,311,435	2,326,151	3,975,000	2,683,967	3,690,216	2,674,037

3. Operating Review

3.1 Performance

The following matters were revealed with regard to duties and functions to be fulfilled by the Sabha under Section 03 of the Pradeshiya Sabha Act such as regulation of control of matter relating to public health, common amenities and public highways, healthy environment of the public facilities and welfare etc.

(a) **By-Laws**

Audit Observation	Recommendation	Comments of the Accounting Officer
Although by-laws had to be enacted to fulfill 30 main functions under Section 126 of the Pradeshiya Sabha Act only by-laws had not been made even by 31 December 2017.	By-Law should be enacted to deal with matters for which no by-laws have been enacted.	Admitted. Action will be taken to make by laws in future.

(b) **Action Plan**

Audit Observation	Recommendation	Comments of the Accounting Officer
No Action Plan had been prepared for the year under review.	Action Plan should be prepared .	Admitted. Action plan will be prepared for the coming year.

(c) **Activities Abandoned**

Audit Observation	Recommendation	Comments of the Accounting Officer
With regard to the construction of new weekly fair of Uhana, only a foundation had been laid at a cost of Rs.1,838,188 and construction not commenced.	Weekly fair land should be developed in a useful manner.	Action will be taken to utilize the same by earth filling in the future.

(d) **Solid Waste Material Management**

Audit Observation	Recommendation	Comments of the Accounting Officer
20 percent of the contract value – i.e Rs.1,314,000 had been paid on 18 Feb. 2016 to the contractor as an advance for constructing a compost yard. Due ownership problems of the relevant land commencing of the project delayed continuously. Therefore garbage collecting tractor had to be driven additional 20 km per day. In this circumstances Rs.364,800 had to be paid for garbage disposal to Ampara Urban Council from 2016 to December 2018	Action should be taken to implement waste material management project by selecting a suitable location.	Admitted. Action in this regard will be taken in future

(e) **Sustainable Development**

Audit Observation

Recommendation

**Comments of the
Accounting Officer**

Although the Pradeshiya Sabha had been well aware of “Sustainable Development Agenda 2030”, sustainable development objectives & targets had not been identified.

Sustainable Development targets and objectives should be identified & established..

Admitted. Action will be taken to deal with the matter in future.

3.2 Management Inefficiencies

Audit Observation

Recommendation

**Comments of the
Accounting
Officer**

(a) Certificate of Conformity have been issued for 56 building plans out of 61 plans approved in 2015, 2016 and 2017.

Certificate of conformity. should be issued.

Admitted. Action will be taken to issue Certificate of Conformity in future.

(b) In terms of Gazette Extra ordinary No.1597 dated 17 April 2009 of the Democratic Socialist Republic of Sri Lanka, a fine of Rs.50/- per day should be charged from buildings in use not obtained Certificate of Conformity. The Sabha had not taken action to issue Certificate of Conformity by charging the fine

Action should be taken in terms of the respective Gazette Notification.

Admitted.

(c) After having approval for a building plan in 2007 a private lodge has been established and operated by obtaining trade permits continuously from June 2015 to 2018. However a sum of Rs .63,900 recoverable as at 31 December 2018 had not been recovered.

The sum of Rs.63,900 recoverable as at 31 December 2018 from a private lodge should be recovered.

Admitted. Action will be taken to recover the sum in future.

(d) In terms of the Gazette Extraordinary No.392/9 dated 10 March 1986 of the Democratic Socialist Republic of Sri Lanka and the UDA Circular No.08/01/38 dated 20 March 1985. Planning Committee’s approval had not been granted for 15 constructions in the authority area. Further the Sabha had not taken action to recover the sum of Rs.120,236 and to grant covering approval for same or to take legal action or other course of action in terms of

Action should be taken to recover the sum of Rs.120,236 recoverable as per Gazette Notification from 15 unauthorized constructions and to grant covering approval or to take legal action or other course of action as per Section 28 of the Urban

Necessary action will be taken in this regard.

3.3 Human Resources Management

Audit Observation	Recommendation	Comments of the Accounting Officer
(a) 16 vacancies of 09 posts and 02 excesses of 02 post of the cadre existed as at 31 Dec. 2018 .	Vacancies of the cadre shall be filled while required approval should be obtained for excesses.	Comments not made.
(b) Action had not been taken to recover employees' loan balance of Rs.94,712 recoverable from 13 employees who received transfers and retired.	Action should be taken to recover loan balances in arrears .	Admitted. Officers responsible for recovery of employees' loan balances have been informed on several occasions.

3.4 Assets Management

3.4.1 Assets not Transferred

Audit Observation	Recommendation	Comments of the Accounting Officer
Action had not been taken even during the year under review to transfer the ownership of 09 vehicles/machinery and equipments and 63 land blocks received by the Sabha from State and non governmental institutions during the period from 2001-2013	Legal ownership of property and machinery/equipment should be got transferred..	Admitted and transfers will be effected in future.

3.4.2 Idle and Under-Utilized Assets

Audit Observation	Recommendation	Comments of the Accounting Officer
Under the project of cleaning and fencing of 05 cemeteries to prepare them as parks under Pradeshiya Sabha augmentation project, 192 concrete poles made at a cost of Rs.180,283 remained unutilized and piled up on the Sabha premises.	192 concrete poles should be utilized for the relevant reoject.	Admitted. Although the relevant welfare society has been informed, they have not removed them so far. They have been informed again to take suitable action.

3.4.3 Utilization of Vehicles

----- Audit Observation -----	----- Recommendation -----	----- Comments of the Accounting Officer -----
(a) Action had not been taken to register 10 vehicles and machinery/equipments received by the Sabha during the period from 1994 to 2016..	Action should be taken to register vehicles and machinery/equipment.	Admitted
(b) 10 vehicles owned by the Sabha had been put into running without taking action even by the end of 2018 to obtain revenue licences for same.	Action should be taken to obtain revenue licence for vehicles.	Admitted
(c) 02 Tractors worth Rs.1,500,000 owned by the Sabha had not been insured..	Action should be taken to insure vehicles.	Admitted

3.6 Procurement

3.6.1 Procurement Plan

----- Audit Observation -----	----- Recommendation -----	----- Comments of the Accounting Officer -----
Procurement Plan had not been formulated for the year under review.	A Procurement Plan should be prepared.	Admitted. Procurement plan will be prepared for coming years.