

**Thanamalvila Pradeshiya Sabha
Moneragala District**

1. Financial Statements

1.1 Presentation of Financial Statements

While Financial Statements for the year 2018 had been presented to audit on 28 February 2019, the summary report of the Auditor General relating to those financial statements on 28 May 2019 and detailed management report on 30 May 2019 were sent to the Chairman of the Sabha.

1.2 Qualified Opinion

In my opinion, except for the effect of matters described in the part, basis for qualified opinion in my report the financial statements give a true and fair view of the finance position of the Thanamalvila Pradeshiya Sabha as at 31 December 2018 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 -----	Recommendation -----	Comments of the Accounting Officer -----
(i) Ninety five cemeteries and land with stalls situated at Moraketiya Junction belong to the Pradeshiya Sabha had not been assessed and included in the financial statements.	Should be assessed and accounted.	Requests have been forwarded through the Commissioner of Local Government to the relevant land authorities to vest the ownership of cemeteries identified through a survey carried out in the year 2017. While a problematic position has been arisen with regard to the ownership of Moraketiya Junction stalls, action will be taken to settle that with the Sevenagala Divisional Secretary.
(ii) Office Equipment valued at Rs. 85,685 purchased during the year under review had not been taken to accounts.	Value of Office Equipment purchased should be taken to accounts.	When preparing accounts for the year 2019 value of these assets will be taken to accounts.
(iii) Although value of the Sevanagala Pradeshiya Sabha	Correct value should be accounted.	When preparing accounts for the year 2019 value of these assets will be taken

Sub-Office building according to the temporary assessment is Rs. 8,280,000, it had been shown as Rs. 828,000 in the financial statements prepared as at 31 December of the year under review understating in a sum of Rs. 7,452,000.

to accounts.2019.

Lack of Evidence for Audit

Audit Observation

Non-submission of documents to confirm ownership and proper Fixed Assets Register relevant to 3 items of assets amounting to Rs.1,675,403,002.

(b)

Recommendation

Evidence to confirm account balances should be furnished..

Comments of the Accounting Officer

While requests have been made to relevant institutions to confirm ownership, by now right to use have been received with regard to 4 properties. All properties are registered promptly at the time giving the right to use. Machinery and Equipment not recorded will be valued and recorded. With regard to Furniture and Fittings, a committee will be appointed and action will be taken to according to the record.

1.4 Non-compliance with Laws, Rules and Regulations

Reference to Laws, Rules and Regulations	Non- compliance	Recommendation	Comments of the Accounting Officer
(a) Pradeshiya Sabha Act No.15 of 1987 Section 147 (1)	A survey had not been made with regard to Hotels and Lodging Houses registered in the Sri Lanka Tourist Board or approved by that Board in the area of	Provisions in the Pradeshiya Sabha Act No. 15 of 1987 referred to here should be complied with.	A report will be obtained from the Tourist Board with regard to hotels registered in the Tourist Board and taxes will be recovered.

authority of the Sabha.

- (b) Establishments Staff loans Staff Loans Relevant officer will be Code of the amounting to Rs. outstanding should directed to take action Democratic 103,689 due from 16 be recovered. in terms of the relevant Socialist Republic employees outstanding since a section with regard old of Sri Lanka. outstanding since a period prior to the outstanding loans. Clause 4 in year 2014 had not Chapter XXIV been recovered.

2. Financial Review

2.1 Financial Results

According to the financial statements presented, excess of revenue over recurrent expenditure of the Sabha for the year ended 31 December 2018 amounted to Rs. 9,363,166 as compared with corresponding excess of revenue over recurrent expenditure for the preceding year amounted to Rs.16,231,264.

2.2 Revenue Administration

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

Information relating to Estimated Revenue, Billed Revenue, Revenue Collected and Arrears of Revenue relevant to the year under review and the preceding year, as furnished are shown below.

Source of revenue	2018				2017			
	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	60,000	35,000	35,000	-	60,000	51,620	51,620	-
(ii) Rent	14,197,600	14,082,261	13,648,561	433,700	11,626,300	11,627,700	11,564,600	63,100
(iii) License Fees	1,697,715	2,031,502	2,031,502	-	1,426,523	1,718,949	1,718,949	-
(iv) Other Revenue	16,627,443	17,032,249	4,201,336	12,830,913	13,292,038	22,468,761	10,506,206	11,962,554
Total	32,582,758	33,181,012	19,916,399	13,264,613	26,404,861	35,867,030	23,841,375	12,025,654

2.2.2 Performance in Revenue Collection

Audit Observation

Recommendation

Comments of the Accounting Officer

Out of total revenue billed during the year under review amounting to Rs. 33,181,012, a sum of Rs. 13,264,613 had not been recovered It was 34 percent of the total revenue billed.

Arrears of revenue should be recovered.

Arrears of revenue for the year 2018 have been recovered by now. Out of Other Revenue in arrears amounting to Rs.12,830,913 a sum of Rs.8,333,711 has been recovered by now.

2.2.3 Rates and Taxes

Audit Observation

Recommendation

Comments of the Accounting Officer

Action in terms of Section 134(1) of the Pradeshiya Sabha Act No. 15 of 1987 had not been taken to identify developed areas and to recover Rates.

Developed areas should be identified from time to time and relevant course of action should be taken to recover Rates.

Assistance of the Moneragala , Assistant Commissioner of Local Government will be sought to prepare the drawing of the relevant area.

2.2.4 Vehicles renting out revenue

Audit Observation

Recommendation

Comments of the Accounting Officer

A sum of Rs.1,276,072 due as at 31 December of the year under review on account of renting out the Vibrating Compactor, Motor Grader Machine and Tipper Vehicle belong to the Sabha had not been recovered.

Arrears of rent should be recovered.

Action will be taken to file cases for recovery of all outstanding amounts.

2.2.5 Recovery of Water Charges Revenue

Audit Observation	Recommendation	Comments of the Accounting Officer
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Arrears of Water Charges Revenue amounting to Rs. 666,845 outstanding as at 31 December of the year under review had not been recovered.	Arrears of water charges should be recovered.	A sum of Rs.396,855 out of areas has been recovered.

2.2.6 Court Fines and Stamp Fees

Audit Observation	Recommendation	Comments of the Accounting Officer
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Court Fines amounting to Rs. 11,030,897 and Stamp Fees amounting to Rs. 11,252,057 were outstanding to be recovered as at 31 December of the year under review.	Court Fines and Stamp Fees in arrears should be recovered.	Out of Court Fines and Stamp Fees in arrears, a sum of Rs. 7,663,946 has been recovered. Action will be taken to recover the balance sum soon.

2.3 Surcharges

Audit Observation	Recommendation	Comments of the Accounting Officer
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A sum of Rs. 87,749 was outstanding to be recovered as at 31 December 2018, on account of surcharges imposed by me during past years against parties responsible in terms of provisions in the Pradeshiya Sabha Act.	Surcharged amounts should be recovered.	Responsibility for taking action in this connection is vested in the Commissioner of Local Government.

3. Operating Review

3.1 Performance

Matters revealed with regard to fulfilling regulation and control and administration of public health, public utility services and public thoroughfares, generally with the protection and promotion of the comfort, convenience and welfare of the people and amenities by the Sabha under Section 3 of the Pradeshiya Sabha Act are shown below.

(a) Action Plan

Audit Observation

Recommendation

Comments of the Accounting Officer

An action plan had not been prepared for the year under review. Accordingly objectives required to be reached and expected activities during the year had not been identified. Thereby, possibility to evaluate performance had been lost.

An action plan should be prepared.

Will be prepared during the year 2020.

(b) Sustainable Development Goals

Audit Observation

Recommendation

Comments of the Accounting Officer

Although the Sabha was aware of the “Sustainable Development Goals Agenda – 2030 of the United Nations’ indexes for measuring objectives and targets that could be applied to the Sabha had not been identified.

Indexes for measuring sustainable development objectives and targets should be identified and progress relating to reaching annual targets should be measured accordingly.

Programs will be organized to create awareness among the staff with regard to sustainable Development Goals.

3.2 **Management Inefficiencies**

Audit Observation

Recommendation

Comments of the Accounting Officer

Action had not been taken to get back 3050 books valued at Rs. 552,437 and 28 bookracks valued at 210,000 provided to 15 libraries functioned in private buildings for non-staff individuals. These libraries are defunct at present.

Action should be taken to bring the libraries to active level.

Action will be taken to bring the libraries to an active level in due course..

3.3 **Human Resources Management**

Audit Observation

Recommendation

Comments of the Accounting Officer

Cadre Vacancies

According to the approved cadre of the Sabha, there were 9 vacancies relevant to 6 posts as at 31 December of the year under review.

Vacancies in the cadre should be filled.

It is the responsibility of the Ministry of Local Government of the Uva Province. to fill these vacancies.

3.4 **Assets Management**

Audit Observation

Recommendation

Comments of the Accounting Officer

Legal ownership of 02 vehicles used by the Sabha had not vested

Ownership of vehicles should be transferred to the Sabha.

While requests were made to transfer ownership of one vehicle to the Sabha, action will be taken to transfer the other vehicle.

3.5 **Procurements**

Audit Observation	Recommendation	Comments of the Accounting Officer
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A procurement plan had not been prepared by the for the year under review	A procurement plan should be prepared according to the budget.	Wish to inform that a procurement plan will be included when preparing the budget.

3.6 **Contracts Administration**

Audit Observation	Recommendation	Comments of the Accounting Officer
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(a) When making payments relevant to transport of gravel exceeding 200 cubic meters for 12 road projects developed by spreading gravel, rates applicable to transport of gravel exceeding 200 cubic meters had not been applied, but rates applicable to transport of less than 200 cubic meters had been applied, resulting an overpayment of Rs. 2,035,684.	Loss suffered to the Sabha Fund should be recovered.	While technical advice has been sought from the Commissioner of Local Government, Uva Province in this connection, technical report of the Engineering Committee appointed by him is awaited.
(b) The works relating to renovation 4 cemeteries by engaging 2 backhoe machine obtained on hire basis during the year under review, a sum of Rs. 96,240 had been paid for 40.9 hours for those 2 machines over and above the specified number of hours.	Loss suffered to the Sabha Fund should be recovered.	While technical advice has been sought from the Commissioner of Local Government, Uva Province in this connection, technical report of the Engineering Committee appointed by him is awaited.
(c) Although the height of the road should be 6 inches relevant to 3 projects for concreting performed by the Sabha according to the quantity	Loss suffered to the Sabha Fund should be recovered.	While technical advice has been sought from the Commissioner of Local Government, Uva Province in this connection, technical report of

sheet and the work completion report, at the physical inspection it was 5 inches. Therefore a sum of Rs. 407,494 had been overpaid. Under these circumstances, it was observed that the roads had not been constructed according to the expected standard.

the Engineering Committee appointed by him is awaited.

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| (d) | A total sum of Rs. 20,832 had been paid by the Sabha for work not performed relating to work item of Span Joint relevant to 3 projects for concreting roads. | Loss suffered to the Sabha Fund should be recovered. | While technical advice has been sought from the Commissioner of Local Government, Uva Province in this connection, technical report of the Engineering Committee appointed by him is awaited. |
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4. Accountability and Good Governance

4.1 Budgetary Control

Audit Observation

Recommendation

Comments of the Accounting Officer

According to the budget prepared for the year under review by the Sabha, when estimated revenue and expenditure are compared with the actual revenue and expenditure, there were variations from 20 percent to 42 percent in 4 items of revenue and variations from 14 percent to 931 percent in 6 items of expenditure.

A realistic budget should be prepared and targets shown therein should be reached.

Action will be taken to exercise a proper budgetary control so as to minimize variations during the year 2019.

4.2 Internal Audit

Audit Observation

An internal audit had not been carried out for the year under review.

Recommendation

An internal audit should be carried out.

Comments of the Accounting Officer

Action will be taken to appoin an internal audit.

4.3 Audit and Management Committees

Audit Observation

Audit and Management Committees had not been established as per guidelines for internal audit in the Circular No. DMA/2009(01) dated 9 June 2009 of the Department of Management Audit.

Recommendation

An Audit and Management Committee should be established in the Sabha.

Comments of the Accounting Officer

Action will be taken to establish an Audit and Management Committee after consultation with Moneragala Assistant Commissioner of Local Government.