

Mahiyangana Pradeshiya Sabha
Badulla District

1. Financial Statements

1.1 Presentation of Financial Statements

The Financial statements for the year 2018, had been presented for audit on 12 April 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 30th May 2019 and 31st May 2019 respectively.

1.2 Qualified Opinion

In my opinion, except for the effect 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 Mahiyangana Pradeshiya Sabha as at 31December 2018 and its financial performance for the year then ended in accordance with Generally accepted Accounting principles.

1.3 Basis for Qualified Opinion

(a) Accounting Deficiencies

Audit Observation	Recommendation	Comments of the Accounting Officer
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From shortage of the goods, valued Rs.51,495, identified by the verification board, seventy nine goods that had not mentioned as fixed assets had been mentioned in the inventory.	Accounts should be rectified.	Action will be taken to remove the short goods by presentation to the council.

(b) Lack of Necessary Documentary Evidence for Audit

Audit Observation	Recommendation	Comments of the Accounting Officer
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It was unable to vouch, satisfactorily due to non presented, deeds, extracted copies, vested orders, formal valuations report, stock verification reports and two items of assets valid Rs.8,932,742.	Evidences relevant to the audit with accounts should be presented.	Ownership of the lands to request to the relevant institutes had been taken action. But to vest the lands had not been taken action.

1.4 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
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(a) Pradeshiya sabha act No.15 of 1987			
(i) Section 49 (b)	With regard to eight unauthorized buildings had not been taken legal action.	According to the provision of the act should be taken.	To take legal action refer the urban development council
(ii) Section 127 and section 03 of cemetery ground ordinance.	With regard to forty eight cemetery grounds had not been measured and public by the gazettes.	According to the provision of the act should be fulfilled.	For measurements affair had been referred to Development Authority.
(iii) Section 134 (6)	Assessment tax of Rs.687,634 had not been collected.	Arrears of revenue should be collected.	A part from arrears of revenue had been collected. Legal action will be taken for non-tax payers.
(iv) Section 159 (1)	Receivable arrears of revenue should be collected and credited to the council fund.	Action will be taken by implementation of the miscellaneous program.	Action will be taken to collect the revenue by implementation of miscellaneous program.

- (b) 1988 Regulations of Pradeshiya Sabha (Financial and Administration) 179. Between 2012-2018 In respect of commencement the weekly fair, council had not signed the agreements with external persons. But council had paid a amount of Rs.660,000. Legal agreements should be signed. In respect of protestation for weekly fair council had signed the agreements with external persons. But council had paid an amount of Rs.660,000.

2. Financial Review

2.1 Financial Results

According to the financial statements presented, the excess of revenue over recurrent expenditure of the Sabha for the year ended 31st December in reviewed year, amount Rs.11,935,268 is compared with the excess of revenue over recurrent expenditure of the proceeding year amounting to Rs.13,062,705.

2.2 Revenue Administration

2.2.1 Estimated revenue, Revenue bills, Revenue collected and the Arrears of revenue

Source of revenue	2018				2017			Total arrears as at 31 December
	Estimated revenue	Revenue billed	Revenue collected	Total arrears as at 31 December	Estimated revenue	Revenue billed	Revenue collected	
	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs
(i) Rates and taxes	5,531,235	3,031,235	2,343,601	687,634	5,231,235	3,031,235	4,871,026	(1,839,791)
(ii) Rent	14,846,550	13,734,550	13,342,150	392,400	14,235,562	2,228,450	13,885,103	11,656,653
(iii) License fees	1,501,000	1,501,000	2,151,689	(650,689)	1,103,000	1,103,000	2,160,910	(1,057,910)
(iv) Other revenue	17,293,010	17,293,010	11,022,845	6,270,165	21,409,500	5,399,332	11,972,776	(6,573,444)
Total	<u>39,171,795</u>	<u>35,559,795</u>	<u>28,860,285</u>	<u>6,699,510</u>	<u>41,979,297</u>	<u>11,762,017</u>	<u>32,889,815</u>	<u>2,185,508</u>

2.2.2 Performance in collection of revenue

Audit Observation	Recommendation	Comments of the Accounting Officer
(a) Receivable accounts balance existence more than two years are Rs.21,283,142. But council had not been collected.	Receivable revenue should be collected.	Council had suspended the property for the years 2018, 2019 with regard to arrears of water, council will decide to suspend more property. Council will take legal action to collect the revenue.
(b) Payable balance of Rs.26,226,713 existence from more than five years had not been settled.	Payable balance should be settled.	Sundry Creditor were settled and request on general deposit relies.

2.2.3 Court fines and stamp fees

Audit Observation	Recommendation	Comments of the Accounting Officer
(a) Court fine Receivable court fine as at 31 December in reviewed year is Rs.3,184,307.	Arrears of court fines should be collected.	Sub schedules had been referred to Department of Provincial revenue.
(b) Stamp fees payable stamps fees as at 31 December in reviewed year is Rs.2,000,000	Arrears of stamp fees should be collected.	Sub schedules had been referred to Department of Provincial revenue.

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, common amenities and public highways, healthy environment of the public facilities welfare etc.

(a) Bye - Laws

Audit Observation	Recommendation	Comments of the Accounting Officer
According to the section of Pradeshiya Sabha act 126 in respect of thirty matters, bye-laws should be imposed. But by the end of 31 December in respect of twenty four matters, bye-laws had been imposed.	For non imposed bye-laws should be imposed.	In respect of non-imposed bye-laws action sabha order will be taken to settle.

(b) Solid Waste Material Management

Audit Observation	Recommendation	Comments of the Accounting Officer
Garbage and excrement had been disposed. near the national School in Mahiyangana and neighboring the Mahavali river and Public cemetery ground in open informally.	Disposal of solid waste material should be done formally.	There were of sections in respect of make the fence of elephants around the compose project. Action will be taken to construed a garbage center for removal garbage.

(c) Sustainable Development Targets

Audit Observation	Recommendation	Comments of the Accounting Officer
With regard to "United Nation's Sustainable Development Agenda 2030" Council had become aware. But Council had not identified. The indicators for measurement of sustainable objects and targets.	Indicators for measurement of sustainable objects and targets should be identified. Programs to reach the annual targets should be measured.	Action will be taken to identify the indicators for the sustainable development objects and targets.

3.2 Management inefficient

	Audit Observation	Recommendation	Comments of the Accounting Officer
(a)	2014 year were Rs. 4,106,149 of expenditure to build wetly fair building in the swamp of land at present had not been used.	It should be used productively function	As a semen a had it will be used
(b)	2017 year according to agreement of sorabora vehicle parks as action were not taken and with second buder had not get agreement RS 407,989 income had not been deficated.	Deficit income should be recovered	Rehabilitation of scriber lake the income were lost in future sabha will take order to write of the lost
(c)	According to public minister circular dated 2006 April 25 No 6/2006 section 21, RS 95,134 had not been deducted the their employee's salary cause of over payment of salary conversation.	Over payment should be recovered.	Receivable amount of Rs.95,134 were sent to mahiyanganaya hospital to the recovered.
(d)	2017 year the Front office opening programme were RS 1,585,488 expenditure end to take office equipment but needed soft were system the office had not been reformed	Software should be obtained	Software system had furnish the local government office and to open front office,

3.3 Operation inefficiencies

	Audit Observation	Recommendation	Comments of the Accounting Officer
(a)	Holiday house in mahiyanganaya town belong to sabha between 2014-2018 during the year RS 5,734,392 had been lost.	Lost should be minimaxed	In future, in this place town hall, shopping compels and holiday hours had been builded.
(b)	2018 year it was not recognized certain fish sales place but fish sale were given leased caused Rs. 159,300 had been lost.	Lost should be recovered	Lease owner to be informed and it was not paid the deficit action will be take legally.

3.4 Human Resources Management

	Audit Observation	Recommendation	Comments of the Accounting Officer
(a)	Over staff relevant to four posts is ten (10) positions as at 31 December in reviewed year. But over staff had not been approved.	Posts should be approved.	One post had been approved. For other posts for taking approval had been requested from management service department.
(b)	Releven 07 posts in 12 vacancies of approved employees had not been fulfilled.	Vacancies should be fulfilled.	Through local government commission had informed the management service commission.

3.5 Assets Management

Tangible Assets

	Audit Observation	Recommendation	Opinion of the Accounting Officer
(a)	Under the comprehensive agreement on 18 May 2016 by UVA Provincial Ministry of Sports and Youth Affairs, Tourism had constructed the Sorabora Lake. Sanitary project had been established near the Sorabora Lake. But this project had been inactivated during the period of two years.	The sanitary project should give to rent by council.	Council had given the sanitary project in year 2019.
(b)	Between 2013-2016 of two tractors and one three wheel which was lying idle in sabha premises.	To repaired or disposal action should taken.	Two tractors to take approved be the repaired and three wheel to be sent to the action.
(c)	2013 year the composed yard was constructed RS 16,203,454 expenditure was lying idle in the sabha premises.	Compost yard should be used.	In future compost manure will be produced
(d)	Although 2015 year the cemetery the crematorium was expended RS 57,206,262 had not been used at present.	The cemetery crematorium should be used.	Necessary labor and to take equipment action will be taken to open.

4 Accountability and Good Governance

4.1 Audit and Management Committee

Audit Observation	Recommendation	Comments of the Accounting Officer
<p>According to the circular No.D.M.A 2009 (01) and dated on 09 June 2009 of management and audit department, audit and management committee should be commenced once a quarter. But audit and management committee had been commenced only one in reviewed year.</p>	<p>According to the instruction of circular audit and management committee should be activated.</p>	<p>Action will be taken to commence once a quarter.</p>