

Minuwangoda Pradeshiya Sabhal

Gampaha District

1. Financial Statements

1.1 Presentation of Financial Statements

The financial statements for the year 2018 had been presented for audit on 29 March 2019 and the summarized report of the relevant Auditor General's report and the management report had been forwarded to the Chairman on 31 May 2019 and 30 August 2019 respectively.

1.2 Qualified Opinion

In my opinion, except for the effects of the matters shown in f this report, the financial statements of the Minuwangoda Pradeshiya Sabha give a true and fair view of the financial position 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 qualified opinion

(a) Accounting Deficiencies

Audit Observation	Recommendation	Comments of the Accounting Officer
(i) Members' allowances of Rs.750,000 receivable from Provincial Council for December 2018 had not been brought to account.	Transactions of the should be brought to account.	Action will be taken to enter correctly in the accounts in future.
(ii) The stamp fees revenue of Rs.159,773,625 received during the year under review had been accounted on cash basis and this had not been disclosed in the accounting policies.	Policies should be disclosed in the financial Statements. the accounts for 2019.	Action will be taken to disclose the accounting policies that stamp fees had been accounted on cash basis while preparing

(b) Unreconciled Accounts

Audit Observation	Recommendation	Comments of the Accounting Officer
A differences of Rs.3,311,403 existed between the balances 03 items of accounts in the financial Statements as at 31 December 2018 and the related subsidiary registers.	Differences in the related balances should be reconciled and rectified.	Action will be taken to examine documents and rectify.

(c) Accounts Receivable and Payable

Audit Observation	Recommendation	Comments of the Accounting Officer
(i) Out of the balances of advances of Rs.797,977 as at 31 December 2018, Rs.784,907 belonged to balances of 2006 and years prior to it. Action had not been taken to settle it.	Action should be taken to settle.	Will be rectified while preparing accounts for 2019.
(ii) Action had not been taken to settle Salaries receivable amounting to Rs.121,500 existing from years prior to 2015.	Action should be taken for recovery.	Will be rectified while preparing accounts for 2019.
(iii) Action had not been taken to settle the balances of water deposits existing for 04 years.	Action should be taken to settle.	Will be rectified while preparing accounts for 2019.

(d) Lack of necessary Documentary Evidence for Audit

Audit Observation	Recommendation	Comments of the Accounting Officer
Details regarding rates amounting to Rs.183,113 written off without approval had not been furnished	Evidence to confirm balances of accounts shown in the financial statements should be furnished.	The Chief Minister's approval had been obtained for rates of Rs.231,061 out of the sum of Rs.414,174 written off which were not physically in existence and removed from usage.

2. Financial Review

2.1 Financial Results

According to the financial statements presented, the excess of revenue over recurrent expenditure of the year under review amounted to Rs.129,358,930as compared with the excess of revenue over recurrent expenditure of the preceding year amounting to Rs.21,288,135.

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	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.
Rates and Taxes	34,821	31,837	21,615	15,341	22,138	19,822	19,734	8,764
Rent	2,653	3,962	4,068	42	2,363	2,013	1,869	148
Licence Fees	1,800	1,844	1,858	27	1,200	1,786	1,744	42
Other Revenue	476	556	544	122	389	540	590	110

2.2.2 Rates and Taxes

Audit Observation	Recommendation	Comments of the Accounting Officer
(a) Rates had not been assessed and Recovered accordingly in many roads Of 02 sub offices of the Sabha at Mabodela and Paththaduwana,	Action should be taken to increase revenue by recovering rates from improved areas.	Although requests were made to the Department of Valuation for assessment of properties In 02 sub offices, assessments had not been made up to now.
(b) The business establishment that deals with assembling of steel coated motor vehicles in its factory had filed a case regarding the assessment of rates. The court of law had confirmed the revised assessment. However, action had not been taken to recover the arrears of rates of Rs.557,600 as at December 2018.	Action should be taken to recover arrears of rates.	The Court of Appeal had rejected the Suspension order requesting revalidation of the said assessment notice made at the Appeal Court. According to a cop of the judgement, red notice had been issued for arrears.
(c) The arrears of rates as at 01 January 2018 amounted to Rs.8,763,667. However, the arrears had increased by Rs.6,577,572 and the Sabha had not taken proper action for recovery.	Proper method should be adopted to recover arrears of revenue from rates.	More attention will be paid to recover arrears of rates in future.

3. Operating Review

3.1 Performance

According to the Section 3 of the Pradeshiya Sabha Act the following matters were revealed with regard to functions to be performed by the Sabha regarding regularization and administration of public health, common amenities services and public highways, health propensities of the Public, facilities and welfare etc.

3.1.1 Sustainable Development Targets

Audit Observation	Recommendation	Comments of the Accounting Officer
----- Although each government institutions Is bound to identify and implement the sustainable development objectives and targets during 2015 – 2030 as per agenda of the United Nations Organization in terms of the sustainable Development Act No.19of 2017, the Pradeshiya Sabha had not specifically furnished the sustainable development objectives and targets.	----- Action should be taken to achieve the sustainable development targets.	----- A plan had not been prepared for the sustainable development objectives and targets. A plan will be prepared and action will be taken accordingly in 2019.

3.2 Operating Inefficiencies

Audit Observation	Recommendation	Comments of the Accounting Officer
----- A cab of the Sabha which was in running condition had been removed from usage after 31 May 2018 and had been permanently parked in a place since 18 April 2019. However, the technical evaluation committee had recommended this vehicle to be used on 28 June 2018. It had been reported that due to lack of drivers this vehicle should be sold and a new vehicle purchased.	----- As the vehicle could be used it should be repaired and made use of. Action should be taken to fill the vacancies.	----- There was no driver for this cab since 28 June 2017. As a result, it could not be used. But, revenue licence had been obtained up to 10 December 2019. However, It was decided to sell it by auction at the monthly meeting of the Sabha held on 10 May 2019. The money is being effectively used for activities of the Sabha.

3.4 Assets Management

3.4.1 Assets not entered in Registers

Audit Observation

The Sabha had purchased 38.5 perches of land utilizing Rs.1,400,000 from the Funds of the Sabha and Rs.800,000 given by a sports association. This had not been entered in the register of fixed assets.

Recommendation

The properties of the Sabha should be entered in the register of fixed assets.

Comments of the Accounting Officer

Action will be taken to enter in the register of fixed assets after obtaining the registered title deeds.

3.4.2 Idle and Under Utilized Assets

Audit Observation

Shrubs had grown over the community center constructed at Marapola Bangalawaththa had not been utilized even by 10 November 2018, the date of the audit.

Recommendation

Action should be taken to beneficially use the properties.

Comments of the Accounting Officer

Suitable action will be taken regarding the community center at Marapola Bangalawaththa in future.

3.4.3 Annual Board of Survey

Audit Observation

A shortage of stock of tar valued at Rs.1,638,320 was observed as per balance of stock at the stores and the physical stock as at 18 April 2019.

Recommendation

Stock shortage should be inquired into and action should be taken against the officers concerned and action should be taken to Improve the control system.

Comments of the Accounting Officer

The receipt and issue of tar for road projects had been entered in stock ledger and there is no shortage in the physical stock. These entries had been made at the time of physical verification carried out on 18 April 2019.