

Maskeliya Pradeshiya Sabha
Nuwara Eliya District

1. Financial Statements

1.1 Presentation of The Financial Statements

The financial statements of the year 2019 had been presented to the audit on the 20th of February 2020 and the summary report of the Auditor General was sent to the chairman on 21st of May 2020 and the detailed management report sent on 19th of June 2020.

1.2 The Qualified Opinion

I am in an opinion that, except the effect on the financial statements of the matters referred under the paragraph of the basis for a qualified opinion in this report, the financial statements had been prepared in accordance with generally accepted accounting principles and give a true and fair view of the state of affairs of the Maskeliya Pradeshiya Sabha as at 31st of December 2019 and financial results of its operations for the year then ended.

1.3 The basis for a qualified opinion

Accounting deficiencies

Audit observation -----	Recommendation -----	Accounting Officer's Commentary -----
(i) The water bill for the year was Rs. 108,600 more in the financial statements.	Actions should be taken to keep accounts accurate.	It will make corrections in the preparation of financial statements for the year 2020.
(ii) Stamp duty revenue for the year under review was reduced by Rs. 113,351 and stamp duty due was increased by Rs. 226,000 accounted and stamp duty receivable for the period July to December 2019 had not been accounted for.	Actions should be taken to keep accounts accurate.	It will make corrections in the preparation of financial statements for the year 2020.
(iii) The audit fee of Rs. 93,150 paid for the previous year was accounted for as an expense for the year under review.	Actions should be taken to keep accounts accurate.	As no provision was made for the 2019 audit fee, it was accounted for as an expense for the year

1.4 Non-compliance

1.4.1 Non-compliance with laws, rules, regulations and management decisions

References to rules and regulations and management decisions	Non-compliance	Recommendation	Accounting Officer's Commentary
(a) Stamp Duty Act No. 12 of 2006	Rs. 115,649 collected by the House had not been remitted to the Commissioner of Inland Revenue.	Remittance of taxes should be done in accordance with the relevant laws.	Not registered with the Inland Revenue Department due to a new sabha. Registration is currently in progress
(b) 1988 Pradeshiya Sabha (Financial & Administrative) Rule No.218	A survey of the lands and buildings belonging to the Sabha was not carried out.	An annual survey carried out theof the land and buildings.	Not registered with the Inland Revenue Department due to a new sabha. Registration is currently in progress.
(c) Financial regulations No 880	Deposits had not been obtained from government officials under the Bail Ordinance.	Deposits should be obtained from the officers who are required to post bail.	Steps are being taken to obtain bail from the officers attached to the Ambagamuwa Pradeshiya Sabha and the collection of salaries from other officers has commenced.
(d) Circular No.1988/22 dated on 17 th of May 1988 of the commissioner of local government	Property valuation for the assessment tax had not been carried out after the year 2010.	Actions should be taken to assess	The Valuation Departments have made requests for property valuation

2. Financial Review

2.1 Financial Results

According to the presented financial statements, excess of income over recurrent expenditure for the year ending 31st of December 2019 amounted to Rs.2,897,062. as compared with the corresponding excess of revenue over recurrent expenditure for the preceding year amounted to Rs. 3,561,162.

2.2 Revenue Administration

 Estimated Income, Billed Income, collected Income and arrears Income

Details of Estimated Revenue, Billed Income, Accumulated Income and Arrears of Revenue for the year under review are as follows.

source of income	2019				2018			
	estimated income	billed income	collected Income	total arrears as at 31 December	estimated income	billed income	collected Income	total arrears as at 31 December
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
rates and tax	6,181,100	3,011,447	3,702,781	2,009,220	4,980,000	2,630,061	1,990,272	2,087,370
Rent	7,563,000	7,438,974	5,182,895	4,370,343	7,010,000	9,230,220	8,599,575	2,099,165
License fee	2,330,000	800,000	947,531	-	1,350,000	870,473	870,473	-
Other	5,590,000	565,793	1,520,500	7,090,712	3,690,000	-	7,538,626	-
total	<u>21,664,100</u>	<u>11,816,214</u>	<u>11,353,707</u>	<u>13,470,275</u>	<u>17,030,000</u>	<u>12,730,754</u>	<u>18,998,946</u>	<u>4,186,535</u>

2.2.1 Performance of revenue collection

Audit observation

 As at 31st of December of the year under review, there was a shortfall of Rs. 2,255,250 from properties leased through tenders.

Recommendation

 Arrears should be collected and reported.

Accounting Officer's Commentary

 Legal actions has been initiated to recover the arrears.

2.2.3 Court fine and stamp duty

Audit observation

 Court fine rs. 1,997,080. And stamp duty rs.305,000 should be charged.

Recommendation

 Actions should be taken to collect the money.

Accounting Officer's Commentary

 Rs.988,414 has been received from stamp duty. Court fine had been requested.

3 Operational review

3.1 Performance

Following are the observations on the performance of the functions of the Council under the provisions of Section 3 of the Pradeshiya Sabha Act, the regulation and control of public health, public utility services and public roads, the welfare, convenience and welfare of the public.

(A) By-laws

Audit observation	Recommendation	Accounting Officer's Commentary
No by-laws were enacted during the Sri Pada pilgrimage season to facilitate pilgrims, recover revenue, set up private parking lots and control temporary trade.	Actions should be taken to impose the by-laws	Two standard by-laws have been gazetted. I will take action to enact a by-law pertaining to the Sri Pada pilgrimage season.

(B) Ayurvedic Medical Centre

Audit observation	Recommendation	Accounting Officer's Commentary
The center has been closed since October 2018 due to non-attachment of a doctor to the Ayurveda Center owned by the Council. A stock of Ayurvedic medicines worth Rs. 428,608 remained idle due to non-functioning of the patient care service.	Patient care should be activated as soon as possible.	For the employment of a retired Ayurvedic Medical Officer required Documents have been submitted to the Public Service Commission.

(C) Environmental Permits

Audit observation	Recommendation	Accounting Officer's Commentary
After the establishment of the Maskeliya Pradeshiya Sabha in 2018, the environmental permits required to be issued within the jurisdiction of the Pradeshiya Sabha had not been issued	Actions should be taken to issue environmental permits for the relevant businesses.	As the powers to issue environmental permits have been granted on 02 nd of February 2020, the relevant activities have already commenced.

(d) Solid Waste Management

Audit observation	Recommendation	Accounting Officer's Commentary
(i) The system, which was completed in 2016 expending at a cost of Rs. 1,376,267 to manage toilet waste at the premises of Ricarton Recycling Center was ideal.	Actions should be taken to commence the relevant services as soon as possible.	Work on the existing gullies at the Ricarton Management Center has been completed. Relevant work is to be commenced after the purchase of a gully bowser for the sabha.
(ii) Pilgrims were inconvenienced due to the disruption of sanitation services at the Nallathanniya Sri Pada pilgrimage parking lot	Relevant work should be completed and reported as soon as possible.	Estimates have been prepared for the construction of toilet pits and further work will be carried out after receiving the allocations.

3.2 Management Inefficiency

Audit observation	Recommendation	Accounting Officer's Commentary
Out of the 67 building applications received in 2018, only 34 had been issued permits.	Relevant activities should be updated and action should be taken to monitor unauthorized constructions.	Deficiencies related to building applications in 2018 are being completed and work is underway to check for unauthorized constructions by the mobile service.

3.3 Human Resource Management

Audit observation	Recommendation	Accounting Officer's Commentary
There were 70 vacancies in 16 posts.	Taking action to fill the vacancies.	Recruitment has been suspended.

3.3 Assets Management

3.4.1 Utilization of Vehicles

Audit observation	Recommendation	Accounting Officer's Commentary
Sabha cab which had been sent to a garage on 31 st of December 2018 for repairs, but had not even begun repairs at 31 st of December 2019.	Repairs should be made in as soon as possible and put into operation.	Although the Governor's approval has been obtained for the repairs, allocations have been requested from the Local Government Commissioner as the financial condition of the sabha is not sufficient.

3.4.2 Identified Losses

Audit observation	Recommendation	Accounting Officer's Commentary
As on 31 st of December 2018, 14 medicines worth Rs. 12,718 and as on 31 st of December 2019, 3 medicines worth Rs. 6,822 had expired at the Ayurveda Center.	The supply process must be kept optimal.	Expired drugs have been removed by the inventory survey. Letters have been sent to hand over the remaining medicines to the Ambagamuwa Pradeshiya Sabha. The rest of the medicines are prepared to be used by conducting care services.

4 Accountability and good governance

4.1 Budgetary Control

Audit observation	Recommendation	Accounting Officer's Commentary
No statement of explanation was made as to the changes made between the budgeted financial allocations and the actual revenue and expenditure under the Pradeshiya Sabha Finance and Administration Rules 193 of 1988.	A statement explaining the changes under the relevant rules should be submitted.	No comments.