

**Norwood 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 28th 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 Norwood Pradeshiya Sabhaas 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

Capital expenditure and fixed asset value for the year are less than that amount due to the accounting of 28 fixed assets valued accounted as stock ledger at Rs. 3,311,756 purchased during the year under review.

Should be taken actions to keep accounts accurately.

It will correct the mistakes in preparing the financial statements for year 2020.

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 to s
Commentary

(a) 1988 Pradeshiya Sabha (Finance and Administration) Rules 218

There was no annual survey of land and buildings.

Rules must be followed.

It will look forward to surveying in the future.

- (b) Financial Regulations of the Democratic Socialist Republic of Sri Lanka, 880 Bond had not been obtained from the officers who were to post bond. Financial regulations must be followed Employees who have been attached to the Ambagamuwa Pradeshiya Sabha have not received bonds. Bonds have been started from other officers.
- (c) Circular No. 1988/22 dated on 17th of May 1988 The valuation of property for assessment tax has not been done after 2010. Circular must be followed The Valuation Department has been requested to revise the assessment tax.

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 31st of December 2019 amounted to Rs.4, 105,145.as compared with the corresponding excess of revenue over recurrent expenditure for the preceding nine months amounted to Rs.2,981,663.

2.2 Revenue Administration

2.2.1 Estimated Income, Billed Income, collected Income and arrears Income

Details of Estimated Income, Billed Income, collected Income and Arrears of Income for the nine months ended 31st of December 2018 of the sabha which were established on 01st of April 2018 are as follows.

Source of income	2019			Total deficit as of December 31st	2018			Total deficit as of December 31st
	Estimated income	billed income	Income collected		Estimated income	billed income	Income collected	
	Rs .	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Assessment and Taxes	3,480,000	2,658,437	3,420,547	476,558	3,288,500	1,634,599	1,642,112	1,021,319
Rent	8,215,000	7,993,814	8,249,482	2,191,700	1,712,180	5,517,280	5,858,196	2,447,368
License fee	2,311,000	2,693,871	2,693,871	-	1,530,000	660,500	660,500	-
Other Income	3,872,000	4,189,923	3,238,386	-	4,590,000	-	135,382	-
total	17,878,000	17,536,045	17,602,286	2,668,258	11,120,680	7,812,379	8,296,190	3,468,687

2. 2. 2 Court fines and stamp fees

Audit observation	Recommendation	Accounting Officer's Commentary
Court fines were Rs. 1,177,161 and land transfer stamp duty was Rs.736,000 had not been collected.	Actions should be taken to collect the relevant money.	1,155,828 has been received from the stamp duty arrears. Schedules for the period July to December 2019 have not been received.

3 Operational review

3.1 Performance

Followings are the observations on the perform the functions of Public Health, the regulation of matters of public utility services and the management of public roads, people in comfort, convenience and welfare of the Council to regulate and administer public health, public utility services and public roads under section 3 of the pradeshiya sabha act.

Audit observation	Recommendation	Accounting Officer's Commentary
Eleven projects worth Rs. 3,150,000 mentioned in the program budget had not been started till 03 rd of September 2019.	A realistic budget should to be prepared.	These projects unable to implement due to the lack of financial status of the sabha.

(A) Action Plan

Audit observation	Recommendation	Accounting Officer's Commentary
The sabha did not prepare an action plan for the period under review.	An action plan should be prepared.	An action plan has been prepared for the year 2020.

(B) Abandoned tasks

Audit observation	Recommendation	Accounting Officer's Commentary
(a) Although the crematorium that build partially by expending an amount of Rs.9,045,317 and had transferred to the sabha from Ambagamuwa	Utilize after completing the construction as soon as possible.	The crematorium was handed over to the sabha in a state un suitable to use and estimates have

Pradeshiya Sabha, it had been destroying hence not doing any task after that.

been prepared to obtain financial provisions for the completion of the remaining works by 2020, after which the remaining work will be completed.

(b) The building constructed for a compost project on the Bogawantalawa landfill site remained idle due to non-implementation of the project.

Actions should be taken to implement the project.

The work is expected to begin in 2020.

(C) Environmental Issues

Audit observation

Recommendation

Accounting Officer's Commentary

There was no proper waste management system in the area. The mixed garbage of the landfill in Bogawantalawa town was incinerated daily and the remaining mixed garbage was dumped in that land informally.

Waste Management system should be formalized.

The compost yard could not be operated due to lack of resources and staff for composting and non-decomposing waste recycling.

(D) Unauthorized construction

Audit observation

Recommendation

Accounting Officer's Commentary

The Sabha had not taken any action regarding the unauthorized constructions being and are being constructed within the jurisdiction of the sabha and had not documented any complaints received.

Actions should be taken regarding the unauthorized constructions.

Necessary action is being taken regarding unauthorized constructions and it has been instructed to maintain a record in this regard in future.

(E) Sustainable Development Goals

Audit observation

While the Pradeshiya Sabha had not adequately aware about Sustainable development objectives and targets and the specific tasks in this regard had not done in the year under review.

Recommendation

Sustainable development goals and objectives should to be identified and plans formulated accordingly.

Accounting Officer's
Commentary

That the relevant Sustainable Development Goals for the year 2020 will be worked out.

3.2 Human Resource Management

Audit observation

There were 78 vacancies in 20 positions.

Recommendation

Should be taken actions to fill the vacancies.

Accounting Officer's
Commentary

Interviews have been conducted for existing vacancies for institutional posts and work is underway to recruit in the future. The Commissioner of Local Government has been informed about the non-institutional vacancies.

3.3 Operational inefficiencies

Audit observation

- (a) All public toilets in the sabha area were abonded due to dirt and making them unusable.

Recommendation

Toilets should to be repaired and take in to use.

Accounting Officer's
Commentary

Work is underway to make these toilets usable. Due to the lack of adequate staff to maintain the toilets properly, it has not been possible to employ permanent workers.

- (b) Maintaining medical centers at Bogawantalawa and Puliawatta Ayurveda

Due to the close down of these Ayurvedic Medical Centers after 27th of May, 2018, the people of the area had no access to Ayurvedic treatment completely.

The services required by the public should be provided.

There is a vacancy for an Ayurvedic doctor and the Commissioner of Local Government has been informed about this.

3.4 Assets Management

Audit observation

Recommendation

Accounting Officer's
Commentary

- (a) Of the 28 plots of land transferred by the Ambagamuwa Pradeshiya Sabha, 26 plots did not have deeds and 24 plots did not have plans.

The answer should be followed and reported.

Plans are currently underway for two properties. As this will cost a lot of money, I expect to do this work in parts, depending on the financial situation of the sabha.

Audit observation

Recommendation

Accounting Officer's
Commentary

- (a) Ravindran Children's park

Adjacent to the Puliawatta office land, the 40 perch Ravindran Children's Park has been abandoned for about 10 years and the lawn in the park is dilapidated of the equipments.

Actions should be taken to use it effectively in the future.

No comments.

- (b) Honsi - Puliawatta Garbage Dump Center, Bogawantalawa Ghogathaka Land, Building for a Compost Project at Kotiyagala Estate, Land near Norwood Police Station, Lamb Shop and Land, Service Room and Land remained idle

Actions should be taken to use it effectively in the future.

No comments.

3.4.2 Utilization of Vehicles

Audit observation -----	Recommendation -----	Accounting Officer's Commentary -----
(a) The Milo meter of the sabha cab not working for more than a year.	Actions should be taken to repair the milo meter.	The procurement procedure is been proceeding for set the milo meter.
(b) Running chart records for the year 2019 had not been submitted for the audit in respect of 03 vehicles belonging to the sabha and during the period from January to December of the year under review for these 03 vehicles Rs. 854,478 had been spent. Due to non-submission of running chart records, the audit could not confirm that these fuel costs were on duty and expenses incurred.	Running chart records should be submitted for the audit according to the answer.	Actions will be taken to submit these running charts to the audit before 10 th of June 2020.
(c) Rs.2,606,853 had been rented from January to December of the year under review for the vehicle which had been rented for the use of the Chairman. If a vehicle was purchased on a lease basis with this money, it could have been more advantageous than the rental basis as the ownership would be vested in the sabha at the end of the relevant period.	An action should be taken to purchase a suitable cab for sabha.	The Chairman has been informed in this regard.

4. Internal Audit

Audit observation -----	Recommendation -----	Accounting Officer's Commentary -----
Adequate internal audit was not carried out during the year under review.		