

**Rideemaliyadda Pradeshiya Sabha
Badulla 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 02 March 2020, the summary report of the Auditor General on those financial statements and the detailed management report had been forwarded to the chairman on 16 June 2020 and 23 June 2020 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 Rideemaliyadda Pradeshiya Sabha as at 31 December 2019, 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) Stamp fees income amounting to Rs. 387,030 for the months of November and December of the year under review had not been accounted.	It should be accounted correctly.	Subject officers have been instructed to correct.
(ii) Arrears of lease payments of weekly fair amounting to Rs. 1,797,721 as at 31 December of the year under review had not been stated under Receivables in the statement of financial position.	It should be accounted correctly.	Subject officers have been instructed to correct.
(iii) Salary reimbursement amounting to Rs. 154,257 and reimbursement of members allowance amounting to Rs. 300,000 had not been accounted.	It should be accounted correctly.	Subject officers have been instructed to correct.
(iv) Capital grants amounting to Rs. 1,050,297 which should have been received for the year under review had not been accounted.	It should be accounted correctly.	Subject officers have been instructed to correct.

- | | | | |
|-----|---|-----------------------------------|---|
| (v) | General deposits amounting to Rs. 458,411 that had been settled in the year under review had been credited to the general deposit account and debited to the accumulated fund account, and as a result of that accumulated fund account had been understated and general deposit account had been overstated by Rs. 458,411 each. | It should be accounted correctly. | Subject officers have been instructed to correct. |
|-----|---|-----------------------------------|---|

b) Lack of evidence for Audit

Audit observation	Recommendation	Comments of the Accounting Officer
-----	-----	-----
Title deeds, plans, transfer orders relating to the lands & buildings amounting to Rs. 77,115,390 had not been presented to the audit.	Evidence confirming account balances should be presented.	It has been requested from the Divisional secretary to survey and transfer the lands.

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
-----	-----	-----	-----
(a) <u>Pradeshiya sabha act No. 15 of 1987</u> Sec. 126(vii)F and Sec. 39 of the by-law of gazette notification No. 520/7 dated 23 August 1988	Fees for advertisement boards amounting to Rs. 101,200 had not been collected from 24 places that showing advertisement boards in Rideemaliyadda area.	Fees due should be collected.	The letters have been sent to the relevant institutes informing to pay fees due.
(b) <u>Financial Regulations of the Democratic Socialist Republic of Sri Lanka</u> Financial Regulation 571	12 General deposits amounting to Rs. 127,049 that had elapsed more than 2 years had not been settled.	Action should be taken in accordance with Financial Regulations.	Subject officers have been instructed to correct.

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 31 December 2019 has been Rs. 6,966,982 as compared with the excess of revenue over recurrent expenditure of the preceding year amounting to Rs. 3,822,307.

2.2 Revenue Administration

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

Presented information relating to the estimated revenue, revenue billed, revenue collected and the arrears of revenue for the year under review and the preceding year are as follows.

Source of Revenue	2019				2018			
	Estimated Revenue	Revenue Billed	Revenue collected	Arrears as at 31December	Estimated Revenue	Revenue Billed	Revenue collected	Arrears as at 31December
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
(i) Rates and Taxes	2,498,500	2,498,500	716,035	1,782,465	495,000	495,000	579,249	-
(ii) Rent	5,884,000	5,884,000	6,850,802	-	6,816,211	6,816,211	5,410,263	1,405,948
(iii) License fee	812,100	812,100	616,000	196,100	762,100	762,100	621,250	140,850
(iv) Other Income	1,817,000	1,817,000	2,678,717	-	1,502,000	1,502,000	2,470,052	-
Total	11,011,600	11,011,600	10,861,554	1,978,565	9,575,311	9,575,311	9,080,814	1,546,798

2.2.2 Performance in Revenue Collection

Audit observation

Arrears of Capital grants amounting to Rs.5,011,526, shop rents amounting to Rs.157,799, stamp fees amounting to Rs.2,799,154 and court fines amounting to Rs. 909,027 that had elapsed more than 5 years had not been recovered.

Recommendation

Arrears of revenue should be recovered.

Comments of the Accounting Officer

Subject officers have been instructed to recover the arrears of revenue.

2.2.3 Court Fines and Stamp Fees

Audit observation	Recommendation	Comments of the Accounting Officer
----- Arrears of Court fines amounting to Rs. 909,027 and arrears of Stamp fees amounting to Rs. 3,186,184 due as at 31 December of the year under review had not been recovered.	----- Arrears of Court fines and arrears of Stamp fees should be recovered.	----- Schedules have been prepared and sent to the department of local government.

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 and welfare.

(a) By-laws

Audit observation	Recommendation	Comments of the Accounting Officer
----- Although by-laws should be imposed for 30 purposes under section 126 of the Pradeshiya Sabha Act, by-laws have not been imposed for 15 purposes as at 31 December of the year under review.	----- By-laws should be imposed for the purposes that by-laws have not been imposed yet.	----- 15 by-laws have already been imposed and It has been instructed to prepare by-laws for the other purposes.

(b) Action Plan

Audit observation	Recommendation	Comments of the Accounting Officer
----- An action plan had not been prepared for the year under review.	----- An action plan should be prepared.	----- Subject officers have been instructed to prepare for the year 2020.

(c) Sustainable Development Goals

Audit observation	Recommendation	Comments of the Accounting Officer
----- Although there was awareness with regard to “Sustainable Development Agenda-2030” of the United nations, Indexes for measuring sustainable objectives and goals which could be applied to the Sabha had not been identified.	----- Indexes for measuring sustainable objectives and goals should be identified, and progress in reaching those should be measured accordingly.	----- These indexes will be used for future development proposals.

3.2 Human Resource Management

Audit observation	Recommendation	Comments of the Accounting Officer
----- There were 7 vacancies in 7 positions as at 31 December of the year under review.	----- Essential vacancies should be filled.	----- The commissioner of Local Government has been informed to fill the vacancies.

3.2 Management Inefficiencies

Audit observation	Recommendation	Comments of the Accounting Officer
-----	-----	-----
(a) In the year under review, Purchases amounting Rs. 166,880 had been made 05 occasions without calling for quotations.	Quotations should be called for purchasing materials or services.	Subject officers have been instructed to avoid this issue in the future.
(b) Expenditure creditors amounting to Rs. 1,386,237, Construction creditors amounting to Rs. 11,936,857 and shop creditors amounting to Rs. 2,353,791 that had elapsed more than five years had not been settled.	Payable balances should be settled.	Subject officers have been instructed to correct.

4 Accountability and Good Governance

4.1 Audit and Management Committee

Audit observation	Recommendation	Comments of the Accounting Officer
----- Audit and Management Committee meetings had not been held in the year under review.	----- Audit and Management Committee meetings should be held at least once in a quarter.	----- Although the Audit and Management Committees had been established for local government institutes level, local government institutes had been merged and meetings had been held. And It is difficult to held meetings separately because of the difficulties of contacting relevant officers.