

Badulla 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 03 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 10 June 2020 and 16 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 Badulla 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
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(i) Balance of the Accumulated fund account amounting to Rs. 40,751,758 as at 31 December of the preceding year had been stated as Rs. 44,149,009 when stating it as the opening balance.	It should be accounted correctly.	Action will be taken to correct.
(ii) As at 31 December of the year under review, Provisions for 26 creditors amounting to Rs. 1,590,632 had not been recognized in the accounts.	It should be accounted correctly.	Action will be taken to correct.

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
----- <u>Pradeshiya Sabha</u> <u>Act No. 15 of 1987</u> Section 127	----- Lands of 25 cemeteries had not been surveyed and acquired.	----- Action should be taken to survey and transfer.	----- Letters had been handed over to the district survey office to survey of 2 cemeteries and expect to discuss with divisional secretarial office regarding 23 cemeteries.

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. 6,987,105 as compared with the excess of revenue over recurrent expenditure of the preceding year amounting to Rs. 14,964,244.

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	<u>2019</u>				<u>2018</u>			
	Estimated Revenue	Revenue Billed	Revenue collected	Arrears as at 31December	Estimated Revenue	Revenue Billed	Revenue collected	Arrears as at 31December
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	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
(i) Rates and Taxes	3,913,704	3,913,704	2,538,018	1,480,746	2,013,704	2,013,704	2,256,177	967,101
(ii) License Fee	685,000	685,000	687,570	-	355,000	355,000	759,680	-
(iii) Other Revenue	43,561,500	33,200,000	25,491,761	29,648,471	15,642,500	10,016,000	29,683,954	26,080,029
Total	<u>48,160,204</u>	<u>37,798,704</u>	<u>28,717,349</u>	<u>31,129,217</u>	<u>18,011,204</u>	<u>12,384,704</u>	<u>32,699,811</u>	<u>27,047,130</u>

2.2.2 Performance in Revenue Collection

Audit observation

Arrears of rates, capital grants, shop rents, tax on waste, water charges, parking fees and allowance for members, as totaling Rs. 4,401,023 that had elapsed more than 2 years had not been recovered.

Recommendation

Arrears of revenue should be recovered.

Comments of the Accounting Officer

Revenue inspectors have been instructed to recover the arrears quickly. Action will be taken to obtain the reimbursement promptly from the department of local government.

2.2.3 Court Fines and Stamp Fees

Audit observation

Arrears of Court fines amounting to Rs. 2,635,133 and arrears of Stamp fees amounting to Rs. 25,218,539 due as at 31 December of the year under review had not been recovered.

Recommendation

Arrears of Court fines and arrears of Stamp fees should be recovered.

Comments of the Accounting Officer

Letters have been set to relevant institutes to recover the arrears.

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) Sustainable Development Goals

Audit observation

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.

Recommendation

Indexes for measuring sustainable objectives and goals should be identified, and progress in reaching those should be measured accordingly.

Comments of the Accounting Officer

Relevant officer has been informed.

3.2 Management Inefficiencies

Audit observation

The creditors balance amounting to Rs. 3,445,206 that had elapsed more than two years had not been settled.

Recommendation

Action should be taken to settle.

Comments of the Accounting Officer

Provisions have not been sufficient to settle in the year, It will be settle promptly after receiving provisions.

3.3 Asset Management

Audit observation

Rs. 7,676,144 worth of road roller received on 17 December 2014 had been parked in the vehicle park of the Sabha without any use, and repairing costs amounting to Rs. 245,245 had been incurred in the years 2018 and 2019.

Recommendation

Assets should be managed properly.

Comments of the Accounting Officer

Requests have been made to the commissioner of Local Government to transfer this road roller to another local authority since this road roller was not in working condition and high maintenance cost.

3.4 Procurement Plan

Audit observation

A Procurement plan has not been prepared for the year under review.

Recommendation

A Procurement plan should be prepared.

Comments of the Accounting Officer

A Procurement plan will be prepared for the next year.

3.5 Internal Audit

Audit observation

An internal audit had not been conducted in the year under review.

Recommendation

An internal audit should be conducted.

Comments of the Accounting Officer

Relevant subject officers have been instructed to conduct an internal audit in the next year.

4 Accountability and Good Governance

4.1 Audit and Management Committee

Audit observation

Recommendation

Comments of the Accounting Officer

Only 02 Audit and Management
Committee meetings had been held
in the year under review.

Audit and Management
Committee meetings should
be held at least once in a
quarter.

Action will be taken
to conduct Audit and
Management
Committee meetings
in the next year.