

**Haldummulla Pradeshiya Sabha  
Badulla District**

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**1. Financial Statements**

**1.1 Presentation of the Financial Statements**

The Financial Statements of the year 2019 had been presented to the audit on 26 February 2020, the summary report of the Auditor General on those financial statements and the detailed management report had been forwarded to the chairman on 22 July 2020 and 24 July 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 Haldummulla 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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Although the Construction creditors as at 31 December of the year under review had been Rs. 7,217,137, It had been stated as Rs. 9,969,704.

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It should be accounted correctly.

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Action will be taken to correct.

**b) Lack of evidence for Audit**

**Audit observation**

**Recommendation**

**Comments of the  
Accounting Officer**

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Documents confirming the ownership, assessment reports and detailed schedules related to 05 items of account amounting to Rs. 119,790,105 had not been presented to the audit.

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Evidences confirming account balances in the financial statements should be presented.

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Action will be taken to present in this year.

## 1.4 Non compliance

### Non compliance with laws, rules, regulations and management decisions.

<b>Reference to laws, rules regulations and management decisions</b>	<b>Non compliance</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
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(a) <u>Pradeshiya Sabha Act No. 15 of 1987</u> Section 149	Taxes up to 1 percent had not been collected from 3 hotels in the Sabha area from the year 2018; Arrears of taxes amounting to Rs. 417,910 due from one hotel for the year 2018 had not been recovered.	Action should be taken in accordance with provisions of the Act.	Action will be taken to recover the arrears for the year 2018.
(b) <u>Pradeshiya sabha Regulations(Finance and Administration) 1988</u> Regulation 114	Advances amounting to Rs. 700,140 given by the Sabha in 15 occasions had not been recovered.	Action should be taken in accordance with regulations.	Action will be taken to recover the advances.
(c) Section 1.6 and 4 of chapter XXIV of the Establishments code of the Democratic Socialist Republic of Sri Lanka	A loan amounting to Rs. 26,920 had not been recovered from an officer who had left the service.	Outstanding Loans should be recovered.	Action will be taken to recover.
(d) <u>Financial Regulations of the Democratic Socialist Republic of Sri Lanka</u> Financial Regulation 571	Two deposits amounting to Rs. 296,414 that had elapsed more than 2 years had not been discharged.	Action should be taken in accordance with Financial Regulations.	Action will be taken to credit to the Sabha fund.

- (e) Circular No. 1980/46 dated 31 December 1980 of the commissioner of Local Government
- Although the properties of the Sabha should be assessed once in 5 years, 24 shops of the Sabha had not been assessed in that way and rents had been charged on the assessment of the year 2013.
- Action should be taken in accordance with the guidelines of the circular.
- Action will be taken to assess.

## 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. 4,454,292 as compared with the excess of revenue over recurrent expenditure of the preceding year amounting to Rs. 7,052,835.

### 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	Estimated Revenue	2019			2018				
		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.	Rs.
(i) Rates and Taxes	2,999,147	2,063,228	2,105,991	893,155	2,421,076	2,108,608	2,003,313	417,763	
(ii) Rent	2,655,116	869,800	1,506,855	1,148,261	1,738,200	804,560	2,275,543	-	
(iii) License Fees	666,200	-	682,810	-	560,100	-	693,030	-	
(iv) Other Revenue	45,823,268	41,861,452	41,861,452	3,961,816	4,241,440	42,082,908	42,082,908	328,531	
Total	<u>52,143,731</u>	<u>44,794,480</u>	<u>46,157,108</u>	<u>6,003,232</u>	<u>8,960,816</u>	<u>44,996,076</u>	<u>47,054,794</u>	<u>746,294</u>	

#### 2.2.2 Performance in Revenue Collection

##### **Audit observation**

Revenue debtors amounting to Rs. 26,438,600 that had elapsed more than two years had not been recovered.

##### **Recommendation**

Arrears of revenue should be recovered.

##### **Comments of the Accounting Officer**

Legal action will be taken regarding irrecoverable arrears of revenue.

### **2.2.3 Court Fines and Stamp Fees**

<b>Audit observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
----- Arrears of Court fines amounting to Rs. 5,305,297 and arrears of Stamp fees amounting to Rs. 8,611,484 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.	----- Rs. 878,030 of arrears of court fines and Rs. 500,000 of arrears of stamp fees have been recovered.

### **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.

#### **Sustainable Development Goals**

<b>Audit observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
----- 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.	----- Action will be taken to identify goals and indexes that are suitable for the area.

#### **3.2 Management Inefficiencies**

<b>Audit observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
----- Expenditure creditors amounting to Rs. 2,412,614 and Construction creditors amounting to Rs. 9,969,704 that had elapsed more than two years had not been settled.	----- Creditors should be settled.	----- Action will be taken to settle.

### **3.3 Human Resource Management**

#### **Audit observation**

#### **Recommendation**

#### **Comments of the Accounting Officer**

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As at 31 December of the year under review, there were 2 excess employees and 8 vacancies in 5 positions.

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Excess cadre should be formalized and vacancies should be filled.

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It has been requested from the Commissioner of Local government.

### **4 Accountability and Good Governance**

#### **4.1 Audit and Management Committee**

#### **Audit observation**

#### **Recommendation**

#### **Comments of the Accounting Officer**

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Only 01 Audit and Management Committee meeting had been held in the year under review.

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Audit and Management Committee should meet at least once in a quarter.

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Action will be taken to meet properly.