

Medirigiriya Pradeshiya Sabha  
Polonnaruwa District

**1. Financial Statements**  
-----

**1.1 Presentation of Financial Statements**  
-----

The Financial Statements for the year 2019 had been presented for the audit on 5<sup>th</sup> March 2020 and the Summary Report of the Auditor General on the Financial Statements and the Detailed Management Report had been forwarded to the Chairman on 30<sup>th</sup> June 2020.

**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 Medirigiriya Pradeshiya Sabha as at 31<sup>st</sup> December 2019 and its financial performance for the year then ended in accordance with Generally Accepted Accounting Principles.

**1.3 Basis for the Qualified Opinion**  
-----

**(a) Accounting Policies**  
-----

Audit Observation -----	Recommendation -----	Comments of the Accounting Officer -----
Court fines, Stamp duty, Capital grant and audit fees had not been accounted on accrual basis.	Should be accounted on accrual basis.	Agreed.

**(b) Accounting Deficiencies**  
-----

Audit Observation -----	Recommendation -----	Comments of the Accounting Officer -----
(i) Court Fines income for the November and December of the year under review had not been identified and accounted.	Income should be identified and accounted.	Accepted. Income could not be identified because of not receiving the information.
(ii) Stamp Duty had not been identified relevant to the year under review.	Income should be identified and accounted.	Accepted. Income could not be identified because of not receiving the information.
(iii) A Rs.28,036,524 of capital grant received in the year under review had not been accounted.	Capital grants and capital expenditure should be disclosed	It will be corrected.

in the financial statements.

- (iv) The value of Rs.520,000 of 03 projects not implemented up to now, had been shown as creditors. Until projects are operated it should be accounted under the deposits. Agreed.

**(c) Lack of necessary documents for audit**

Audit Observation

Recommendation

Comments of the Accounting Officer

Evidence were not presented for the audit of value of Rs.218,291,314 of 04 items of assets and liabilities.

Evidence for confirming the balances of accounts in the financial statements should be furnished.

Accepted. It has been mentioned that requests has been made for the transferring ownership of land and will be documented after a survey and action will be taken to identify the value and to prepare registers for machines and equipment.

**1.4 Non-Compliances**

Non-Compliances with laws, Rules, Regulations and Management Decisions are as follows.

Audit Observation

Recommendation

Comments of the Accounting Officer

Reference to Laws, Rules, Regulations and Management Decisions	Value	Non-Compliances
Pradesh	Rs.	

- (a) Pradeshiya Sabha Act no 15 of 1987

(i)	Clause 14(1)		- Five stalls had been let on personal requests without a decision of the Sabha.	Letting activities should be done in a regular way.	It has been decided to let those stalls only for a interim time period with the purpose of calling bids for all the stalls at a same time.
(ii)	Clause 147 and 149		- License fees had not been charged from many businesses in the Sabha territory area.	Actions should be taken to charge relevant charges from all the businesses.	It is informed that actions cannot be taken to charge arrears license fees since not receiving of recommendation of medical officer of health.
(iii)	Clause 158	3,165,828	Adequate warrant notices had not been issued for not paying arrears of rates as at 31 <sup>st</sup> December in the year under review and fines had not been charged for the late payment of rates.	Actions should be taken for the charging of arrears of income.	Agreed.
(b)	Pradeshia Sabha rules (Financial and administrative) in 1988				
	----- Rules No 203, 214 and 218		Actions had not been taken to make a full survey of property of the Sabha.	Full survey should be done.	Survey is being done by this.

## 1.5 Receivable and Payable Accounts

Audit Observation	Recommendation	Comments of the Accounting Officer
(a) Action had not been taken to recover a total of Rs.821,061 of receivable accounts at the end of the year under review relating to time period of 1994-2019.	Actions should be taken to recover.	Chargeable money are being recovered as installments while it has been sent to approval to write off the money not chargeable.
(b) A sum of Rs.1,238,453 relating to 16 industrial debtor balances had not been charged for a 1-2 years.	Actions should be taken to recover.	Actions will be taken for settling.

## 2 Financial Review

### 2.1 Financial Results

According to the financial statements presented, the excess of income over recurrent expenditure for the year ended 31<sup>st</sup> December 2019 amounted to Rs.9,155,714 compared with the excess of revenue over recurrent expenditure in the previous year was Rs.5,733,289.

### 2.2 Revenue Administration

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

Information relating to the Estimated Revenue, Billed Revenue, Collected Revenue and Arrears of Revenue for the year under review and previous year appear below.

Source of Revenue	2019				2018			
	Estimated Revenue	Billed Revenue	Collected Revenue	Total arrears as at 31 <sup>st</sup> December	Estimated Revenue	Billed Revenue	Collected Revenue	Total arrears as at 31 <sup>st</sup> December
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
(i) Rates and Taxes	3,771,160	4,367,709	2,994,216	3,912,668	2,946,160	3,428,682	3,197,660	3,343,694
(ii) Rent	13,414,340	10,020,521	7,965,219	262,055	5,679,440	9,318,247	9,318,247	261,691
(iii) License fees	458,000	349,444	282,461	60,250	495,000	244,709	244,709	-
(iv) Other income	13,176,850	13,758,053	7,202,845	12,180,785	12,161,650	11,815,145	2,988,847	11,499,465
Total	30,820,350	28,495,727	18,444,741	16,415,758	21,282,250	24,806,783	15,749,463	15,104,850

### 2.2.2 Court Fines and Stamp Duty

---

Audit Observation	Recommendation	Comments of the Accounting Officer
-----	-----	-----
(a) Court fines income of Rs.5,546,632 was due from Chief Secretary and other authorities of the provincial council as at end of the year under review.	Actions should be taken to identify and charged the income.	Arrears of Court Fines had been requested in written.
(b) Stamp Duty income for the previous years was Rs.5,166,941 due from provincial council while stamp duty income relevant to the year under review had not been identified.	Actions should be taken to charge the income.	Agreed.

## 3 Operating Review

---

### 3.1 Performance

---

The following matters were revealed with regards to duties to be fulfilled by the Sabha in terms of section 3 of the Pradeshiya Sabha Act No. 15 of 1987 such as regularization and control of matters relating to public health, common utility services and public roads, healthy environment of the public, amenities and welfare etc.

### 3.2 Unreceiving of Expected Benefits

---

Audit Observation	Recommendation	Comments of the Accounting Officer
-----	-----	-----
Although Divulankadawala weekly fair had been constructed expending on Rs.2,247,853 under the Pradeshiya Sabha inter village development program, it was in idle for 05 years.	Action should be taken to utilize.	It was unable to let since no demand from interested parties.

### 3.3 Human Resources Management

---

Audit Observation	Recommendation	Comments of the Accounting Officer
-----	-----	-----
(a) Acting officer had been appointed for the vacant secretary post from 21 <sup>st</sup> October 2017	Actions should be taken to appoint a permanent officer.	Agreed.
(b) Four post of development officers, one post of	Actions should be	There are 06 shortages and

	Technical officer, one post of librarian, two posts of management assistants were in excess.	taken to revise cadre according to the necessity.	02 excesses.
(c)	Rs.32,679 had not been recovered from a deceased person.	Actions should be taken to settle.	It is unable to recover due to unavailability of details of guarantors.

### 3.4 Assets Management

#### (a) Idle and underutilized Assets

Audit Observation	Recommendation	Comments of the Accounting Officer
07 Assets items belonged to Sabha had been in idle for a 1-17 years under natural disasters.	Actions should be taken to utilize or dispose.	Accepted. Chief Secretary office of the North Central Province had been informed to settle the 56-5060 cab.
(b) It was unable to transfer the ownership of a vehicle use by the Sabha.	Actions should be taken to transfer the ownership.	When it was asked from the ministry of Provincial Councils and Local Government, it had been stated that there was no approval of treasury.

## 4 Accountability and Good Governance

### 4.1 Internal Audit

Audit Observation	Recommendation	Comments of the Accounting Officer
Expected internal Audit plan had not been implemented due to the assigning of other duties for the appointed internal auditor.	Separate officer should be appointed to the internal audit.	Agreed. It was unable due to the shortage of the carder.