

**Navithanveli Pradeshiya Sabha
Ampara District**

1. Financial Statements

1.1 Presentation of Financial Statements

The financial statements for the year 2019 had been presented to Audit on 02 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 of the Pradeshiya Sabha on 29 May 2020.

1.2 Qualified Opinion

In my opinion, except for the effect of the 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 Navithanveli 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

Accounting Deficiencies	Recommendations	Comments of the Accounting Officer
-----	-----	-----
(i) Seven types of Electricity items valued at Rs. 254,870 remained at store as at 31 December 2019 had been included in expenses in the financial statements.	It should be shown as a stock in the financial statements.	Action will be taken to show the values of the closing stock in the financial statements in ensuing periods.
(ii) Value of 10 vehicles remained in the Sabha had not been assessed and brought to accounts.	Value of vehicles should be assessed and brought to accounts.	More attention will be paid to include such values in the accounts in ensuing periods.

1.4 Non-compliances

Non-compliances with Laws, Rules, Regulations and Management Decisions

Reference to Laws, Rules, Regulations and Management Decisions	Non-compliances	Recommendations	Comments of the Accounting Officer
(a) Section 217 and 218 of Pradeshiya Sabhas (Financial and Administrative) Rules of 1988.	Register of land and building had not been maintained as per P.S. – 46. Further, inspection in respect of land and building had not been carried out.	It should be followed in terms of rules.	Action will be taken to assess the value of the assets in ensuing periods and more attention will be paid to update and verify relevant register.
(b) Circular No. 15 of 18 November 1993 of Urban Development Authority.	The Sabha had not been opened a bank account in a name of “Urban Development”.	Actions should be taken by opening the bank account in terms of the circular.	Action will be taken to open a bank account on behalf of Urban Development when activities in respect of said authority are commenced.

2. Financial Review

2.1 Financial Results

According to the financial statements presented, the revenue over recurrent expenditure of the Sabha for the year ended 31 December 2019 amounted to Rs. 3,628,514 as compared with the corresponding the revenue over recurrent expenditure of the preceding year amounted to Rs. 1,684,198.

2.2 Revenue Administration

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

Information on the estimated revenue, billed revenue, collected revenue and arrears of revenue presented relating to the year under review and the preceding year is given below.

Source of Revenue	2019				2018			
	Estimated Revenue	Billed Revenue	Collected Revenue	Total Arrears as at 31 December	Estimated Revenue	Billed Revenue	Collected Revenue	Total Arrears as at 31 December
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Rates and Taxes	--	--	--	--	--	--	--	--
Rentals	2,470,000	2,186,666	2,230,896	1,224,918	2,944,500	2,819,504	3,061,139	1,269,148
License Fees	500,000	500,950	500,950	--	485,000	448,100	448,100	--
Other Revenue	6,232,500	7,714,721	8,701,512	48,821	6,987,500	4,456,400	5,092,144	1,035,611
	9,202,500	10,402,337	11,433,358	1,273,739	10,417,000	7,724,004	8,601,383	2,304,759

2.2.2 Arrears lease of Meat Stall

Audit Observation

Arrears lease of meat stall amounting to Rs. 1,163,147 recovered for the period from the year 2007 to 2019 had not been recovered.

Recommendation

Action should also be taken to recover lease revenue for the year under review with the arrears for the past years.

Comment of the Accounting Officer

lessees had been called for inquiry by the Mediation Board and it had been recovered as a small amount on the basis of installment as per agreed with them since January of 2019.

3. Operating Review

3.1 Performance

The matters observed in respect of execution of activities that should be executed under Section 3 of the Pradeshiya Sabhas Act such as regularize and control over the matters of public health, public utility services and public thoroughfares and the comfort, convenience and welfare of the people are given below.

(a) Abandoned Activities

Audit Observation

Solid waste disposal center valued at Rs. 3 million constructed by a non-government institution and handed over to the Pradeshiya Sabha in the year 2010 had been constructed close to temple without being carried out a proper feasibility study, thus it had remained idle to now due to protest

Recommendation

Scheme should be implemented after relevant feasibility study and continuous action should be taken to use the center.

Comment of the Accounting Officer

Continuous action is being taken in this regard.

of general public. Further, fence constructed around the center and newly installed electricity connection fittings were stolen.

(b) Sustainable Development Targets

Audit Observations -----	Recommendations -----	Comments of the Accounting Officer -----
(i) Action had not been taken by the Sabha to establish indicators required for measuring sustainable development targets.	Action should be taken to establish the indicators required for measuring targets.	I kindly inform that we have decided to prepare drafts by our Sabha for generating more revenue in future and also to achieve further development targets.
(ii) Provision required to access sustainable development goals had not been identified by the Sabha for the years 2017, 2018 and the year under review.	Provisions should be made to execute relevant project.	Further, action will be taken to establish a general indicator for measuring them.

3.2 Human Resources Management

Audit Observations -----	Recommendations -----	Comments of the Accounting Officer -----
(a) 04 staff vacancies had remained for 03 categories of posts in the Sabha.	Action should be taken to fill the vacancies.	Continuous action had been taken to fill 03 categories of vacant posts pointed out by you in the Sabha.
(b) Action had not been taken to recover outstanding loan amounting to Rs. 42,669 from the officers who had transferred out and retired before the year 2001.	Actions should be taken either to recover such arrears from relevant persons or to write off from accounts as per law.	We expect to take action by obtaining consultancy in respect of next stage action through informing to Commissioner of Local Government.

3.3 Assets Management

3.3.1 Failure to recording Assets

Audit Observation	Recommendation	Comment of the Accounting Officer
----- Total value of land and building belonging to the Sabha had been shown as Rs. 172,066,147 in the accounts as at the end of the year under review. However, Action had not been taken by the Sabha to enter movable and immovable assets in the fixed assets register.	----- Action should be taken to enter in the fixed assets register.	----- Action will be taken to assess the value of the assets in ensuring periods and more attention will be paid to update and verify relevant register.

3.3.2 Utilization of Vehicles

Audit Observation	Recommendation	Comment of the Accounting Officer
----- An unusable Mahindra vehicle was parked since December 2012 without being taken action to repair or sell by auction.	----- Action should be taken either to dispose or to repair and use again.	----- Even though action had been taken to dispose by the Deputy Chief Secretary (Engineering Service) – Eastern Province, it could not be proceeded now due to this vehicle remains under court activities. However, action will be taken by us to repair or dispose it by considering revenue status of the Sabha after court activities.