

**Thirukkovil Pradeshiya Sabha  
Ampara District**

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**1. Financial Statements**

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**1.1 Presentation of Financial Statements**

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The financial statements for the year 2019 had been presented to Audit on 26 February 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**

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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 Thirukkovil 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**

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**(a) Accounting Deficiencies**

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<b>Audit Observations</b>	<b>Recommendations</b>	<b>Comments of the Accounting Officer</b>
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(i) The value of the lands belonging to the Sabha had not been assessed and brought to accounts.	The value of the lands should be assessed and disclosed in the financial statements.	Action will be taken to disclose them in future.
(ii) The value of 12 vehicles belonging to the Sabha had not been assessed and brought to accounts.	The value of all motor vehicles should be assessed and disclosed in the financial statements.	Action will be taken to carry out revaluation thereof and include the value thereof in the accounts in future.

(b) **Lack of written evidences required for Audit**

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<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comment of the Accounting Officer</b>
Evidences such as deed of land, fixed asset register, reports on board of survey and advance register had not been made available to audit in respect of 04 account items valued at Rs. 98,096,343.	Evidences should be submitted for confirming account balances.	They had been taken from the financial statements for the year 2011. Action had been taken to obtain documentary evidences therefor.

**1.4 Non-compliances**

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

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<b>Reference to Laws, Rules, etc.</b>	<b>Non-compliance</b>	<b>Recommendations</b>	<b>Comment of the Accounting Officer</b>
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(a) Financial Regulation 571 of the Democratic Socialist Republic of Sri Lanka	Action had not been taken in respect of 26 deposits totalling Rs. 204,744 for over two years.	Action should be taken in terms of Regulations.	All of these issues will be rectified and submitted in the accounting reports for the year 2020.
(b) Circular No. 15 of 18 November 1993 of Urban Development Authority.	Even though a bank account had been opened in a name of "Urban Development", service charge and fines recovered on application of building had been deposited in the operational bank account of the Sabha and made expenses without being deposited in that account.	Action on account should be taken in terms of the circular.	Action had been taken to deposit the service charges in respect of urban development in the account of "Urban Development".

**2. Financial Review**

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**2.1 Financial Results**

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According to the financial statements presented, the revenue over recurrent expenditure of the Sabha for the year ended 31 December 2019 amounted to Rs. 3,710,792 as compared with the corresponding the revenue over recurrent expenditure of the preceding year amounted to Rs. 6,932,720.

## 2.2 Revenue Management

### 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	9,000	610	610	2,110	13,500	4,000	9,110	2,112
Rentals	3,735,000	5,015,021	5,330,766	2,158,397	3,425,000	3,850,642	3,928,518	2,474,142
License Fees	725,000	674,845	682,075	--	667,500	697,410	708,135	7,230
Other Revenue	9,316,000	9,685,188	9,685,188	--	4,216,000	11,362,572	11,362,572	--
	<b>13,785,000</b>	<b>15,375,664</b>	<b>15,698,639</b>	<b>2,160,507</b>	<b>8,322,000</b>	<b>15,914,624</b>	<b>16,008,335</b>	<b>2,483,484</b>

### 2.2.2 Rent

Audit Observations	Recommendations	Comments of the Accounting Officer
(a) Action had not been taken to recover arrears of rent income amounting to Rs. 895,315.	Take action to recover arrears of income in due period.	It had been decided to take legal action in future.
(b) Arrears of lease amounting to Rs. 1,263,082 as at 31 December 2019 had not been recovered even as at the end of the of the year under review.	Take action to recover arrears of income in due period.	Legal action could not be taken in respect of arrears lease of meat stall and others are being recovered by making a compliant to the mediation board.

## 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) **By-Laws**  
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<b>Audit Observation</b> -----	<b>Recommendation</b> -----	<b>Comment of the Accounting Officer</b> -----
By-laws should be prepared and implemented in respect of important matters for revenue and arrangement of the Pradeshiya Sabha in terms of Section 126 of the Pradeshiya Sabhas Act No. 15 of 1987. However, by-laws had only been prepared in respect of one matter.	Actions should be taken to prepare by-laws in respect of the matters relevant to the Sabha	It had been discussed in respect of preparing by-laws in the board meeting in the month of May 2019. It had been agreed to prepare relevant by-laws and take actions to publish in the Gazette by making amendments in the by-laws prepared.

(b) **Action Plan**  
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<b>Audit Observation</b> -----	<b>Recommendation</b> -----	<b>Comment of the Accounting Officer</b> -----
An annual action plan had not been prepared.	An annual action plan should be prepared.	Action had been taken to prepare an annual action plan for the year 2020 from now.

(e) **Sustainable Development Target**  
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<b>Audit Observations</b> -----	<b>Recommendations</b> -----	<b>Comments of the Accounting Officer</b> -----
(i) Action had not been taken to establish indicators required for measuring sustainable development targets.	Action should be taken to identify and achieve the goals and establish the indicators required for measuring them.	Action will be taken to aware the training in respect of indicators required for measuring sustainable development targets and prepare them in future.
(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.	Action should be taken for the provision to identify and achieve the goals	Action will be taken to identify the goals and provision therefor.

### 3.2 Management Inefficiencies

<b>Audit Observations</b>	<b>Recommendations</b>	<b>Comments of the Accounting Officer</b>
(a) Action had not been taken to transfer ownership of 05 vehicles and 02 trailers obtained from the Ministry of Provincial Councils and Local Government and other organizations for the period from 04 to 13 years.	Action should be taken to transfer the ownership of the vehicles being used by the Sabha.	These issues will be rectified in ensuing periods and ownership of the vehicle will be transfer to the name of the Sabha.
(b) Vinayagapuram bus stand construction work had been carried out at an estimate of Rs. 167,000 under national work scheme of empowering the Pradeshiya Sabhas for the year 2017 and a sum of Rs. 76,165 had been spent. Subsequently, this work had remained without being completed due to this building was constructed within the boundary of the Road Development Authority.	Action should be taken to complete said work and provide for the use of the people.	Action had been taken to complete the balance work of this bus stand by the provision for the year 2020.

### 3.3 Human Resources Management

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comment of the Accounting Officer</b>
Action had not been taken to recover employee loan outstanding due from 03 officers totalling Rs. 236,170.	Actions should be taken to recover loan outstanding.	Action will be taken to recover from their death gratuity.

### 3.4 Assets Management

#### 3.4.1 Failure to confirm the Security of the Assets

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comment of the Accounting Officer</b>
Vehicles had been parked at in front road of the office of the Sabha without proper security due to lack of safety parking for the vehicles belonging to the Sabha	Action should be taken to safeguard the vehicles.	Safety vehicle park will be constructed when receiving fund for it in future.

### 3.4.2 Idle Assets

<b>Audit Observations</b>	<b>Recommendations</b>	<b>Comments of the Accounting Officer</b>
(a) Vinayakapuram public market building had been constructed at a cost of Rs. 5 million in the year 2017 in the area which have less general public, thus 02 stall rooms had remained idle	Action should be taken to use the assets of the Sabha effectively.	People generally visits to Thampiluvil central market for purchasing, thus people visits are less to Vinayagapuram market. However, a survey is being carried out to invite the people to that market again.
(b) Four stall rooms out of the stalls rooms of Thampiluvil central market had remained idle for over six years	Action should be taken to use the assets of the Sabha effectively.	It was considered as stall rooms of upper floor are not appropriate for trade, thus it had not been rented out. Further actions are being taken to rent out them.

### 4. Accountability and Good Governance

#### Audit and Management Committee

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comment of the Accounting Officer</b>
An audit and management committee had not been established in the year under review.	Action should be taken to establish the audit and management committee.	We have decided to hold the meetings properly and make decisions in the year 2020.