

**Norwood Pradeshiya Sabha**  
**Nuwara Eliya District**

-----

1. Financial Statements

-----

1.1 Presentation of The Financial Statements

-----

The financial statements of the period from 01 April 2018 to 31 December 2018 had been presented to the audit on the 06 of May 2019 and the summary report of the Auditor General was sent to the Chairman on 29 May 2019 and the detailed management report sent on 29 May 2019.

1.2 The Qualified Opinion

-----

I am in an opinion that, except the effect on the financial statements of the matters referred under the paragraph of the basis for a qualified opinion in this report, the financial statements had been prepared in accordance with generally accepted accounting principles and give a true and fair view of the state of affairs of the Norwood Pradeshiya Sabhas at 31 December 2018 and financial results of its operations for the year then ended.

1.3 The basis for a Qualified opinion

-----

(A) Accounting deficiencies

-----

Audit observation	Recommendation	Accounting Officer's Commentary
-----	-----	-----
(i) The value of the 24 land and buildings and two trailers shown in the balance sheet were not assessed and accounted for	It should be accounted the value.	That they will be valued and accounted for in the future.
(ii) Although a deposit amount of Rs. 24,972,250 that should be paid back had transferred When transferring the assets and liabilities of the Ambagamuwa Pradeshiya Sabha, but the same amount had not been paid and the balance had not been accounted for.	The balance should be accounted as a receivable amount.	Making decisions at a future audit and management committee and taking actions for corrections.
(iii) While an allocation amount of Rs.4,000,000 had allocated from the Ministry of Provincial Councils and Local Government under facilitate the new local authorities on 28 December	Arrangements should be made to obtain the goods by importing them	Taking actions to bring in money. .

2018, had informed as presented the bills after brought the items without following the procurement procedure. Although the relevant bills had sent to the Ministry accordingly, the warehouse stock account and the creditors had been overstated by an amount of Rs.3,412,780 since the funds or goods couldn't receive to the Sabha.

#### 1.4 Non-compliance

##### 1.4.1 Non-compliance with laws, rules , regulations and management decisions

References To rules and regulations and management decisions -----	Non-compliance -----	Recommendation -----	Accounting Officer to s  Commentary -----
(a) Extraordinary Gazette Notification No. 1523/16 dated 25th January 2008 in accordance with the National Environmental Act No. 47 of 1980 as amended by Act No. 56 of 1988 and Regulations under it.	The licence had not been obtained by 65 businesses that should be doing their business by obtaining or renewing the Environment Protection Licence.	Action should be taken to obtain environmental permits for the relevant businesses.	Action has been initiated to issue permits
(b) 1988 PradeshiyaSabhas (Financial & Administrative) Rules  Rule 179	Although a sum of Rs. 901,361 was paid for a vehicle that had obtained by engaging to use of Chairmen during the period from April to September 2018, but not entered into a contract.	Actions should be taken to enter to an Agreement in the future.	The answers had not been received.

Rule 218	An annual survey of land and buildings was not carried out	Taking actions according to the instructions of the financial and administrative rules	That the survey will be carried out in the future.
(c) Circular No. 1988/22 dated on 17 May 1988	The valuation of property for assessment tax has not been done after 2010.	Assessed the property for tax assessment.	That they will take action in the future.

## 2. Financial Review

-----

### 2.1 Financial Results

-----

According to the revised financial statements presented excess of revenue over recurrent expenditure of the Sabha for the nine months of the year ended 31 December 2018 amounted to Rs.2, 981,663.

### 2.2 Revenue Administration

-----

Estimated Income, Billed Income, collected Income and arrears Income

-----

Details of Estimated Income, Billed Income, collected Income and Arrears of Income for the nine months ended 31 December 2018 of the sabha which were established on 01 April 2018 are as follows.

source of income	2018			
	estimated income	billed income	collected Income	total arrears as at 31 December
-----	-----	-----	-----	-----
	Rs.	Rs.	Rs.	Rs.
Lease rates and tax	3,288,500	1,634,599	1,642,112	1,021,319
Rent	1,712,180	5,517,280	5,858,196	2,447,368
License fee	1,530,000	660,500	660,500	-
Other Income	4,590,000	-	135,382	-
	-----	-----	-----	-----
Total	11,120,680	7,812,379	8,296,190	3,468,687
	=====	=====	=====	=====

## 2.2.1 Performance of revenue collection

Audit observation	Recommendation	Accounting Officer's Commentary
A Key money amount of Rs.2,661,000 had should be received extra for that arrears as at 31 December of the year under review	It should be taken Immediate action to recover arrears.	Money is collecting.

## 2. 2. 2 Court fines and stamp fees

Audit observation	Recommendation	Accounting Officer's Commentary
A receivable amount of Rs. 549,762 court fines and an amount Rs. 500,000stamp duty as at 31 December of the year under review had not been collected.	Actions should be taken to collect the relevant money.	Action will be taken to collect the amounts by taking relevant schedules.

## 3 Operational review

## 3.1 Performance

Following are the observations on the perform the functions of Public Health, the regulation of matters of public utility services and the management of public roads, people in comfort, convenience and welfare of the Council to regulate and administer public health, public utility services and public roads under section 3 of the pradeshiya sabha act.

## (a) By-laws

Audit observation	Recommendation	Accounting Officer's Commentary
Although the by-laws were to be enacted under Section 126 of the Pradeshiya Sabha Act for the three main matters, it had not been enacted the relevant by-laws until 31December 2018.	Actions should be taken to gazette by-laws.	The by-law relating to billboards is published in the Gazette. The remaining two amendments will be gazette in the future.

## (b) Action Plan

Audit observation	Recommendation	Accounting Officer's Commentary
The sabha did not prepare an action plan for the period under review.	Making an action plan for the next year.	It will be make an annual action plan for the next year.

## (c) Abandoned projects

Audit observation	Recommendation	Accounting Officer's Commentary
(a) Although the crematorium that build partially by expending an amount of Rs.9,045,317 and had transferred to the sabha from Ambagamuwa Pradeshiya Sabha, it had been destroying hence not doing any task after that.	Utilize after Complete the construction as soon as possible.	The relevant file for the construction of the crematorium will be obtained from the Ambagamuwa Pradeshiya Sabha and continuing the constructions.
(b) Two projects worth Rs. 95,000 had been abandoned without implementation.	Prompt implementation of projects.	These two projects cannot be implemented hence reasons beyond the control of the Sabha.

## (d) Environmental issues Hack

Audit observation	Recommendation	Accounting Officer's Commentary
No proper waste management was carried out in the area during the year under review. And it was observed during the inspection that the land in the Bogawantalawa town was burned garbage daily and the mixed garbage burned in Norwood town was burned daily.	It should be performed Proper waste management.	The relevant officials have been advised and will be supervised.

## (e) Sustainable Development Goals

-----  
Audit observation-----  
While the Pradeshiya Sabha had not adequately aware about Sustainable development objectives and targets and the specific tasks in this regard had not done in the year under review.

## Recommendation

-----  
Taking actions to achieve sustainable development objectives and targets.Accounting Officer's  
Commentary-----  
Actions will take In the coming year.

## 3.2 Human Resource Management

## (a) Vacancies of employees

-----  
Audit observation-----  
There were 79 vacancies in 20 positions as of 31 December 2018 of staff approved by the Department of Management for the Sabha on February 26 and 17 May 2018.

## Recommendation

-----  
Taking actions to fulfil the vacancies immediately.Accounting Officer's  
Commentary-----  
Action is being taken to fill the vacancies.

## (b) Employee Loans

-----  
Audit observation-----  
Although the maximum loan entitlement for Disaster Loan Payment is amounting to Rs. 250,000 according to the Public Administration Circular No. 30/2008 and dated on 31.12.2008, an amount of Rs.275, 640 had been paid to a Officer in the Sabha as disaster loans.

## Recommendation

-----  
Getting the over payments.Accounting Officer's  
Commentary-----  
Actions will take to charged the money in the future.

### 3.3 Operational inefficiencies

-----

Audit observation	Recommendation	Accounting Officer's Commentary
-----	-----	-----
(b) Ayurvedic Medical Centres at Bogawantalawa and Puliyawatta Had closed After 27 May 2018, the so the people of area C to obtain complete Ayurvedic treatment completed had come. The council had received a stock of drugs worth Rs. 240,000 from the Ayurvedic Corporation, which were stored at the driver's quarters at the time of the inspection.	Maintaining the medical centre by obtaining the services of a medical officer.	There is currently no medical officer and the request has been made by the Assistant Commissioner of Local Government.

### 3.4 Assets Management

-----

Audit observation	Recommendation	Accounting Officer's Commentary
-----	-----	-----
Out of the 28 plots of land vested in the Ambagamuwa Pradeshiya Sabha, 26 were deeds and 24 plans were not in the sabha and The extent of the 20 plots of land has not been identified.	Actions should be taken Preparation of plans after identifying the extent of land.	Action will be taken to identify the area with the assistance of Ambagamuwa Pradeshiya Sabha

#### 3.4.1 Idle underutilized assets

-----

Audit observation	Recommendation	Accounting Officer's Commentary
-----	-----	-----
The Raveendran Children's Park, which has a 40 perch area adjoining the Puliyawatta office land, Honsi - Puliyawatta dumping whips out storage center,Bogawantalawa Sugar Land, the building which had Built for a compost project on land purchased from Kotiyagala Estate for burial and burial ground,Norwood mutton shop and landhas been abandoned without utilizing.	Actions should be taken to take advantage of.	That the work will be carried out in the future.

### 3.5 Utilization of Vehicles

-----

Audit observation	Recommendation	Accounting Officer's Commentary
-----	-----	-----
(a) A date when did the fuel combustion test of the vehicles at last was not disclosed as at the date of the inspection.	Action should be taken to conduct the vehicle fuel combustion test.	That it will conduct in the future.
(b) No action had been taken to register the originals of the registration certificates in the name of the Sabha at the time of transferring vehicles from the Ambagamuwa Pradeshiya Sabha.	Taking action to register the relevant vehicles in the name of the Sabha.	That they will be involved in the future.

### 3.6 Recognized Losses

-----

Audit observation	Recommendation	Accounting Officer's Commentary
-----	-----	-----
A survey of commodities during the year under review revealed a shortage of 2056 books worth Rs.262,178 of the 04 libraries owned to the sabha	Taking actions as per recommendations by an inquiry accordingly the Financial Regulations 104	Taking action to rectify the decision of the Audit and Management Committee.

### 3.7 Procurement

-----

#### 3.7.1 Contract Administration

-----

Audit observation	Recommendation	Accounting Officer's Commentary
-----	-----	-----
(i) A sum of Rs.10,000 had been allocated for the installation of name boards under the contracted amount In several industries but the relevant name boards had not been installed in the field.	Taking action to fix the notice boards .	Taking action to recover the money paid to the name boards from the retention money of the unions.



- |       |   |   |   |
|-------|---|---|---|
| (ii)  | While it had estimated to made 19 stand post by estimating a value of Rs.36,005 under the work item No.14water Scheme in The lower part of the Tillery, it had billed to pay as construction of 09 stand post. But there were not constructed stand post until 28 January 2019. | Actions should be taken to completion of relevant construction. | While it had been informed to the contractor and if the work not completed, the Sabha will remedy the deficiency and take the actions to taking retention to the sabha. |
| (iii) | The water pipes should covered with 1 1/2"GI tubes under Work No. 15, It was not applied the covers.  | Completion of relevant construction.                            | While it had been informed to the contractor and if the work not completed, the Sabha will remedy the deficiency and take the actions to taking retention to the sabha. |

#### 4 Accountability and good governance

---

##### 4.1 Budgetary Control

---

###### Audit observation

---

Although it should be prepared and presented a statement of matter describing for the variances among actual revenue and expenditures and estimated finance allocations according to the rule 193 of pradeshiya Sabha finance and administration rules of 1988,that statement had not been presented for describe the variances of the year under review.

###### Recommendation

---

Present a statement of matter describing about the variances according to relevant rules.

###### Accounting Officer's Commentary

---

Taking action to create a permanent level budget while controlling this variation.

##### 4.2 Internal Audit

---

###### Audit observation

---

Adequate internal audit was not carried out during the year under review.

###### Recommendation

---

Adequate internal audit has been to carried in future.

###### Accounting Officer's Commentary

---

While the internal audit couldn't be carried out since the vacancies of the officers

and an officer will appoint in future in this regarding.

4 . 3 Audit and Management Committees

---

Audit observation

Recommendation

Accounting Officer's  
Commentary

---

The Audit and Management Committee was held only once during the period under review.

---

Holding audit and management committees as scheduled

---

Action to be taken as scheduled in future.