

Matara Pradeshiya Sabha
Matara District.

1. Financial Statements

1.1 Presentation of financial statements

Financial statements of 2019 had been presented for the audit on 28 February 2020. Auditor General's summary report of such financial statements and detailed management audit report have been sent to the Chairman on 08 June 2020 and 15 June 2020 respectively.

1.2 Qualified Opinion

It is my opinion that financial status of Pradeshiya Sabha of Matara as at 31 December 2019 and financial performance thereof for the year ended by the same day are in compliance with generally accepted accounting principles and shown true and fair status by financial statements except the impact caused by matters described in the part of basis for the qualified opinion in this report.

1.3 Basis for the qualified opinion

(a) Accounting deficiencies

	Audit observation	Recommendation	Comments by the Accounting Officer
(i)	Business tax and notice board fees of Rs.244,957 which was to be recovered in the previous year had been accounted as an income of the year under review.	It should be accurately accounted.	It will be corrected in preparing final account for 2020.
(ii)	Rs.3,030,132 which was spent by the Sabha in the year under review for development of buildings had not been capitalized.	All fixed assets should be accounted.	It will be corrected in preparing final account for 2020.
(iii)	Creditor allocation of Rs.1,540,062 had not been made pertaining to 4 industries done under Gamperaliya program and two industries done with Sabha funds at the end of the year under review.	It should be accurately accounted.	It will be corrected in preparing final account for 2020.
(iv)	Rs. 1,873,761 which should have been paid into pension contribution fund of Local Govt. services had not been accounted by the end of the year under review.	It should be accurately accounted.	It will be corrected in preparing final account for 2020.

(b) Non - Reconciled accounts

Audit observation	Recommendation	Comments by the Accounting Officer
Difference of total was Rs.30,000 between balance of an account subject of total Rs.204,604 which are included in financial statements and related documents and schedules thereto.	Actions have to taken to reconcile differences of relevant balances and correct such accounts.	This fault made in stating the total and actions will be taken to correct.

(c) Unavailability of necessary documentary evidences for the audit

Audit observation	Recommendation	Comments by the Accounting Officer
In the audit it was unable to satisfactorily observe 34 account subjects of which Total Rs.292,195,661 since needy information was not presented.	Evidences by which account balances stated in financial statements are proved should be presented.	Instruction was given to duly update and maintain documents.

1.4 Non - compliance

1.4.1 Non - compliance with rules, regulations and management decisions

Occasions of Non - compliance to rules, regulations and management decisions are as follows.

Reference to rules, regulations and management decisions	Non - compliance	Recommendation	Comments made by Accounting Officer
(a) Pradeshiya Sabha Rules of 1988 (Financial & Admin.)	List of those who neglected payments of assessment and warrant list of property prohibition had not been prepared.	Actions have to be taken as per rules.	List of those who neglected payments of assessment and warrant list of property prohibition are being prepared.
(i) Rule 33			

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| (ii) Rule 193 | Statement of reasons for surplus and deficit by comparing actual expenditure of object codes and budgeted and supplementary expenditure had not been presented along with accounts. | Actions have to be taken as per rules. | It will be prepared and presented in future. |
| (b) Pub. Admin. Circular No. 30/2016 dated 29 th December 2016. | No fuel consumption test had been done pertaining to vehicles belonged to Sabha. | Actions should be taken as per circular. | Actions will be taken as per circular. |
| (c) Chief Secretary's Circular No.CSS/03/12/05 dated 22 May 2018. | No actions had been taken pertaining to vehicles removed from use. | Actions should be taken as per circular. | Relevant actions will be taken in future. |

2. Financial Review

2.1 Financial Result

As per financial statements presented income exceeding recurrent expenditure in the year under review was Rs.10,861,639 and in comparison to it income exceeding recurrent expenditure in the previous year was Rs 29,052,831.

2.2 Income Administration

2.2.1 Estimated income, billed income, collected income and arrears of income

Information of estimated income, billed income, collected income and arrears of income pertaining to year under review and previous year are as follows.

Income source	2019				2018			
	Estimated income	Billed income	Collected income	Total arrears as at 31 st December	Estimated income	Billed income	Collected income	Total arrears as at 31 st December
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Rates & taxes	6,538,000	9,525,622	9,109,358	8,178,917	5,490,330	6,288,696	4,257,985	7,762,653
Rentals	3,005,100	2,275,089	1,991,819	683,083	2,053,100	2,279,621	2,238,743	399,813
Permit fees	2,245,100	4,824,766	4,815,916	8,850	1,195,100	3,189,741	3,189,741	-
Other income	35,642,500	19,336,538	31,428,738	44,687,936	21,173,700	22,058,212	29,565,277	56,780,136
Total	47,430,700	35,962,015	47,345,831	53,558,786	29,912,230	33,816,270	39,251,746	64,942,602

2.2.2 Rates & Taxes

Audit Observation	Recommendation	Comments by Accounting Officer
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(a) Rates & Taxes

Balance of Arrears of Rates as at the beginning of the year under review was Rs.7,746,244 and Rs.12,669,054 was to be recovered with Rs.4,922,809 being billings and surcharges of the year. At the end of the year there was a minus balance of Rs. 8,159,658 since total recoveries within the year was Rs.4,509,396. Total recoveries was 36 per cent of the initial arrears and billing.	Arrears of rates taxes should be recovered soon.	Actions have been taken to collect arrears of rates through mobile services and field activities.
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(b) Acreage taxes

Initial arrears of acre taxes was Rs.16,409 and billings of the year (with fees and fines) was Rs.2,931. Total recoveries within the year under review was Rs.81 and arrears at the end of the year was Rs.19,259.	Arrears of income should be recovered soon.	Income Committee has informed that information should be corrected through a survey in order to correctly update addresses and owners stated in the register.
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2.2.3 Other Income

Court fines and stamp fees

Audit Observation	Recommendation	Comments by Accounting Officer
Sum of Rs.7,724,570 being court fines and Rs.36,963,366 being stamp fee were to be received from Chief Secretary and other authorities of Provincial council as at 31 st December 2019.	Arrears of income should be recovered soon.	Actions will be taken to recover arrears of income with no delay.

3. Operating Review

3.1 Performance

As per section 3 of Pradeshiya Sabha Act, the Sabha was expected to perform duties such as regularizing and control of public health, public utilities services and matters pertaining to public roads, well being of people, convenience and welfare. Matters revealed pertaining to performance of such functions are as follows.

(a) Solid Waste Management

Audit Observation	Recommendation	Comments by Accounting Officer
Central Environment Authority had rejected to issue environment permits for production of carbonic fertilizer after the year 2013.	Actions should be taken to obtain environment permits.	Central Environment Authority has been requested to issue environment permits and that Authority has recommended to issue environment permits.

3.2 Management Inefficiencies.

Audit Observation	Recommendation	Comments by Accounting Officer
(a) Swarnapura well had been constructed with a cost of Rs.415,814 from Sabha fund without a feasibility report and technical report for suitability of water to drink. But water of the well was not suitable for use.	Cost should be recovered from those who are responsible.	Well has been reconstructed with water proof cement in order to avoid salty water.
(b) 04 name boards valued Rs.38,040 prepared for lands and buildings belonged to Sabha had been in the store without fixing and 08 notice boards valued Rs.89,475 were not to be seen at places where they were fixed.	Notice boards should be set up at their places soon.	Actions have been taken to fix such 04 boards in lands.

3.3 Human Resource Management.

Audit Observation	Recommendation	Comments by Accounting Officer
(a) Vacancies and Excess of cadre.		
Actions had not been taken to fill 09 vacancies and regularize 09 excess cadre.	Actions should be taken to regularize excess cadre and fill vacancies of the staff.	Although vacancies had been published in Gazette on 07 February 2020 recruitments have been temporary stopped.
b) Sum of Rs.507,680 had been paid for the period from January to October in the year under review for 03 employees recruited on casual basis for fulfilment of duties due to non assignment of duties by the Sabha for 06 Health Labourers and 03 Work Field Labourers.	Proper assignment of duties should be done and proper methodology should be made for assignment of daily duties.	Actions have been taken according to requirements.

3.4 Operating Inefficiencies.

Audit Observation	Recommendation	Comments by Accounting Officer
(a) Sum of Rs.360,885 had been spent in July of the year under review for land preparation for the cultivation of Komarika behind the land in which composed yard of Yakduea was situated. But the project had not been commenced.	It should be used for a productive purpose.	Payments of money for plants will be stopped since cultivation of <i>Komarika</i> was not successful.
(b) In sub division of Golden City land of Kahatagahawatta land extent with less 6.15 perches had been obtained for public facilities.	Should act as per the Gazette.	Not commented.
(c) As per section 23 (c) of National Environment Act No. 47 of 1980, environment permits of 10 institutions lasted over 03 years had not ben updated.	Should act as per the act.	Actions will be taken to grant environment permits for institutions stated.

3.5 Assets Management.

3.5.1 Non Assurance of protection of assets.

Audit Observation -----	Recommendation -----	Comments by Accounting Officer -----
Property of 07 lands belonged to the Sabha containing in extent 03 roods 35.48 perches had been enjoying by private parties.	Encroachers should be removed.	Legal actions will be taken pertaining to unauthorized use of lands.

3.5.2 Non vested assets

Audit Observation -----	Recommendation -----	Comments by Accounting Officer -----
No actions had been taken to take over ownership of 02 lands containing in extent 35 perches belonged to Sabha area.	Actions should be taken to take over.	Necessary actions will be taken to take over.

3.5.3 Idle and under utilized assets

Audit Observation -----	Recommendation -----	Comments by Accounting Officer -----
(a) Lands and buildings. ----- 38 lands of 12 acre 03 roods 1.81 perches and Pontoon service of Hungamgoda ferry belonged to Sabha had been inactive without using for a productive purpose.	They should be used for productive purposes.	Pontoon service of Hungamgoda ferry is unable to function due to damage and non function. Actions will be taken to renovate that service.

(b) Motor vehicles and carts.

04 Sabha vehicles valued Rs.5,600,000 had been non functioned by the end of the year under review.

Non functioned assets should be used for useful purposes.

Actions have been taken to auction 02 vehicles and 02 vehicles are parked due to unavailability of a Driver.

3.6 Procurement

Audit Observation

Recommendation

Comments by Accounting Officer

Sum of Rs.776,466 had been paid to a Rural development society for preparation of name boards for Sabha lands and buildings in the year under review. Rs.213,070 had been over paid for fixing 02 notice boards since procurement process was not duly followed.

Over payments should be recovered.

Actions will be taken not to cause such a situation.

4. Accountability and Good Governance

4.1 Internal audit

Audit Observation

Recommendation

Comments by Accounting Officer

In preparation of internal audit programs agreement of Auditor General had not been obtained through discussions as per FR 134 and actions had not been taken to present copies of internal audit reports.

Shout act in accordance with provisions concerned.

Future actions will be taken to present copies of reports for the audit.