

**Madulla Pradeshiya Sabha**

-----  
**Monaragala District**  
-----

**1. Financial Statements**

**1.1 Presentation of Financial Statements**

The financial statements for the year 2019 had been presented for audit on 28 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 on 15 June 2020 and 23 June 2020 respectively.

**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 Madulla 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 the Qualified Opinion**

**(a) Accounting Deficiencies**

**Audit Observations**

**Recommendations**

**Comments of the Accounting Officer**

Recurrent Expenditure of Rs.20,785 had been accounted as Capital Expenditure.

The Accounts should be prepared accurately.

I inform that the error would be corrected in next year.

**(b) Lack of Evidence for Audit**

**Audit Observations**

**Recommendations**

**Comments of the Accounting Officer**

Documents for prove the possession and the assessment reports on Lands and Buildings of Rs.171,396,859 had not been rendered to the audit.

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

Inform that a temporary assessment would be done for the next year.

## 1.4 Non Compliances

### Non-compliance with Laws, Rules, Regulations and Management Decisions

Reference to Laws, Rules, Regulations and Management Decisions	Non Compliances	Recommendations	Comments of the Accounting Officer
<u>Pradeshिया Sabha Act No.15 of 1987 Section 134(1)</u>	Rates had not been charged by identifying the Developed areas.	Actions should be taken according to the Act.	Inform that the developed areas had been recognized and sent for the approval of the Assistant Commissioner of Local Government.

## 2. Financial Review

### 2.1 Financial Results

According to the financial statements presented for the year ended 31 December 2019, the excess of revenue over recurrent expenditure of the Sabha amounted to Rs.3,027,670 as compared with the excess of revenue over recurrent expenditure of the preceding year amounting to Rs.1,312,403.

### 2.2 Revenue Administration

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

Information relating to the estimated revenue, revenue billed, revenue collected and the arrears of revenue furnished for the year under review and the previous year appear below.

Source of Revenue	2019				2018			Total arrears as at 31 December
	Estimated Revenue	Revenue Billed	Revenue Collected	Total arrears as at 31 December	Estimated Revenue	Revenue Billed	Revenue Collected	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
(i) Rates and Taxes	150,000	-	211,800	-	-	-	-	-
(ii) Rent	25,804,400	7,637,839	7,632,416	10,050	7,479,115	29,542,489	5,947,208	28,340
(iii) Licence Fees	926,330	-	649,811	-	666,700	-	898,627	-
(iv) Other Revenue	53,119,860	243,524	43,104,303	117,821	50,172,761	382,190	39,912,831	162,517
<b>Total</b>	<b>80,000,590</b>	<b>7,881,363</b>	<b>51,598,330</b>	<b>127,871</b>	<b>58,318,576</b>	<b>29,924,679</b>	<b>46,758,666</b>	<b>190,857</b>

## 2.2.2 Water Charges Income

### Audit Observations

### Recommendations

### Comments of the Accounting Officer

Water Charges in Arrears had not been recovered Rs.117,507 for the year under review and Rs. 93,823 for the preceding year.

The Water Charges in arrears should be recovered.

Actions would be taken to recover the arrears in the future.

## 2.2.3 Stall Rent

### Audit Observations

### Recommendations

### Comments of the Accounting Officer

Stall Rent had not been recovered Rs.16,050 for the year under review and Rs.40,800 for over 09 years.

Arrears Stall Rent should be recovered.

Actions would be taken to recover the arrears in the future.

## 2.2.4 Revenue from Renting Machinery and Equipment

### Audit Observations

### Recommendations

### Comments of the Accounting Officer

Rent Income from renting the Backhoe Loader owned by the Sabha in year 2018 and 2019 had not been recovered of Rs.130,360 as at 31 December in the year under review.

Arrears in rent should be recovered.

The arrears regarding the year 2018 had been recovered. Actions would be taken to recover the arrears amounting to Rs.42,380 regarding to the year 2019.

## 2.2.5 Court Fines and Stamp Duty

### Audit Observations

### Recommendations

### Comments of the Accounting Officer

Court Fines in arrears of Rs.236,429 and Stamp Duty in arrears of Rs.3,213,513 had not been recovered from the Uva Provincial Council for the year under review.

The arrears Court Fines and Stamp Duty should be recovered.

Actions would be taken to recover the arrears in the future.

### 3. Operating Review

#### 3.1 Performance

The following matters were revealed with regard to duties to be fulfilled by the Sabha in terms of Section 3 of the Pradeshiya Sabha Act, such as regularization and control of matters relating to public health, common amenities and public highways, healthy environment of the public, facilities, welfare etc.

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
<b>(a) <u>Action Plan</u></b>		
(i) 04 Activities estimated value of Rs. 887,000 entered in the Action Plan for the year under review had not been completed.	The Activities entered in the Action Plan should be completed.	Inform that 02 Activities of Rs.25,000 are about to implement in the future and 02 activities of Rs.862,000 had not been completed because of the lack of Provisions.
(ii) 04 Industries estimated value of Rs.32,064,810 allocated by the Budget for the year under review had not been completed.	The Activities allocated by the Budget should be completed.	Inform that the industries could not be able to complete because of not receiving the expected capital revenue.
<b>(b) <u>Targets of Sustainable Development</u></b>		
The Sabha had not been identified the targets and the indices for measuring the Progress of the Sustainable Development Targets relevant to the Sabha and achieved them, Even though Sabha had been aware of the “United Nations on Sustainable Development Schedule for the year 2030”	Targets of the Sustainable Development and indices to measure the progress of achieving them should be identified and measured.	Inform that actions would be taken to identify the targets and the indices and take future actions.
<b>(c) <u>Solid Waste Management</u></b>		
The decay garbage collected by the Sabha had been dumped in the Private Lands and a Production of Organic Fertilizer had not been started using that decay garbage.	The Waste Management should be regulated.	Inform that actions would be taken to produce Organic Fertilizer in the future.

### 3.2 Human Resources Management

-----

#### Audit Observations

-----

05 vacancies for 04 posts and 03 excesses for 02 posts had been remained as at 31 December of the year under review.

#### Recommendations

-----

The vacancies should be filled and the excess number of employees should be approved.

#### Comments of the Accounting Officer

-----

Inform that actions would be taken for a Staff Balance and vacancy filling in the future.

### 3.3 Assets Management

-----

#### Audit Observations

-----

(a) A Survey had not been done for the year 2019 on the lands and Buildings owned by the Sabha.

(b) 28 Pieces of lands in several sizes owned by the Sabha had not been surveyed and also legal actions had not been taken to acquire the legal possession of 61 Lands.

(c) 753 books cost value of Rs.157,749 had been in 04 Libraries owned by the Sabha during the year 1994 to 2019 had not been received or claimed money for them.

(d) 452 roads located within the Sabha territory had not been entered in an inventory even though they had been recognized and had not been published in a Gazette.

#### Recommendations

-----

A Survey should be done to verify the Lands and Buildings owned by the Pradeshiya Sabha.

All the Lands owned by the Sabha should be surveyed and legally acquired.

Actions should be taken to receive the books back from the readers or claim money for them.

The notice relevant for the roads and lanes should be published in the Gazette.

#### Comments of the Accounting Officer

-----

Inform that actions would be taken to survey the lands and Buildings owned by the Sabha for the year 2020.

Actions would be taken to survey all the lands and legally acquired.

Members and their guarantors had been informed in written and part of these books had been received now.

Actions would be taken to state in the Gazette in the future.

### 3.4 Vehicle Utilization

-----

#### Audit Observations

-----

02 machines owned by the Sabha had consumed fuel of Rs.244,311 and run for 496.3 metre hours to fulfill 69 industries during 01 January 2019 to 31 August according the daily running charts. But the work completion reports and the on those industries had not been prepared.

#### Recommendations

-----

Estimates and the Work Completion Reports should be prepared.

#### Comments of the Accounting Officer

-----

Actions would be taken to prepare Estimates and obtain the Work Completion Reports.

### 3.5 Procurement

-----

#### Procurement Plan

-----

#### Audit Observations

-----

05 Activities estimated value of Rs.439,000 incurred in the Procurement Plan for the year under review had not been completed.

#### Recommendations

-----

Actions should be taken to complete the tasks in the Procurement Plan.

#### Comments of the Accounting Officer

-----

Inform the reasons like not receiving the expected income, not necessary to complete, cancelation of the Projects.

### 4. Accountability and Good Governance

-----

#### 4.1 Internal Audit

-----

#### Audit Observation

-----

Sabha had not been carried out a proper Internal Audit for the year under review.

#### Recommendation

-----

A proper Internal Audit should be carried out.

#### Comments of the Accounting Officer

-----

Inform that an internal audit is being carried out from the Second Quarter.

## 4.2 Audit and Management Committee

-----  
**Audit Observation**  
-----

Audit and Management Committee had not been held for the year under review.

-----  
**Recommendation**  
-----

Audit and Management Committee should be held in the Sabha.

-----  
**Comments of the Accounting Officer**  
-----

Inform that the first Audit and Management Committee Meeting for the year 2020 had been planned to held in July.