

**Monaragala Pradeshiya Sabha**

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**Monaragala District**  
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**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 23 June 2020 and 29 June 2020 respectively.

**1.2 Qualified Opinion**

In my opinion, except for the effect of matters described in the part basis for qualified opinion section of this report, the financial statements give a true and fair view of the financial position of the Monaragala 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**

<b>Audit Observations</b>	<b>Recommendations</b>	<b>Comments of the Accounting Officer</b>
(i) Capital Expenditure of Rs.294,900 had been accounted as recurrent expenditure during the year under review.	The Accounts should be prepared accurately.	The Fixed Assets purchased in the year 2020 would be accounted as Capital expenditure.
(ii) The expenditure made for the preceding year of Rs.123,017 had been accounted as expenditure for the year under review.	The Accounts should be prepared accurately.	Inform that the accounts would be corrected by the next year.
(iii) The amount of Rs.97,111 for making the development plan of the Project to Assist the Divisional Development that should be reimbursed from the Department of Local Government had not been accounted as Receivables.	The Accounts should be prepared accurately.	Inform that it would be accounted as receivables next year.

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

**Audit Observations**

**Recommendations**

**Comments of the Accounting Officer**

Assessment reports on Lands and Buildings of Rs.925,952,768 had not been rendered to the audit.

Evidence should be furnished to confirm the balances declared in the financial statements.

Inform that the necessary information had been requested from the Department of valuation and 06 had been received while other reports had not been received.

**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**

(a) Pradeshiya Sabha Act No.15 of 1987

Section 139

The Term Reports had not been received to identify and assess all the property that could be able to charge rates within the Authority of the Sabha.

Term Reports should be obtained for the task of assessment.

The Data Sheet had been made to collect the necessary data in the year 2020 and the revenue inspectors had been advised to commence the task after ending this Pandemic Situation.

(b) Establishment Code of the Democratic Socialist Republic of Sri Lanka

Section 4 of the Paragraph XXIV

Employee Loan balance of Rs.246,759 had not been recovered of 06 employees over 15 years.

Actions should be taken to recover the arrears employee loans.

A decision could not be taken on this matter because the Files and the Documents of the Guarantors had been lost.

**2. Financial Review**  
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**2.1 Financial Results**  
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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.18,842,362 as compared with the corresponding excess of revenue over recurrent expenditure of the preceding year amounting to Rs. 13,289,271.

**2.2 Revenue Administration**  
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**2.2.1 Estimated Revenue, Revenue Billed, Revenue Collected and the Arrears of Revenue**  
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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	12,985,000	12,411,917	6,341,709	6,070,208	12,869,609	11,970,956	6,227,817	5,743,139
(ii) Rent	20,445,140	2,982,950	2,982,950	-	12,583,950	2,610,077	2,608,135	1,942
(iii) Licence Fees	1,335,100	-	1,612,878	-	1,045,100	1,353,900	1,359,900	-
(iv) Other Revenue	22,292,500	32,710,844	27,097,688	5,613,156	1,089,000	-	20,405,302	-
<b>Total</b>	<b>51,057,740</b>	<b>48,105,711</b>	<b>38,035,225</b>	<b>11,683,364</b>	<b>27,587,659</b>	<b>15,934,933</b>	<b>30,601,154</b>	<b>5,745,081</b>

## 2.2.2 Rates and Taxes

### Audit Observations

### Recommendations

### Comments of the Accounting Officer

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|---|---------------------------------------|--|
| (a) Rs.6,309,190 had not been recovered as at 31 December from the billed amount of rates income for the year under review of Rs.12,411,917 and it had been 51 per cent of the total billed amount.   | The Arrear rates should be recovered. | Inform that the actions would be taken to collect rates in the future because of the pandemic it had been advised not to collect tax till 31 May 2020.           |
| (b) Rs.10,221,375 had not been recovered from the rates income in arrears at the beginning of the year under review of Rs.16,567,232. That amount not recovered had been 62 per cent of the rates in arrears at the beginning of the year under review. | The Arrear rates should be recovered. | Inform that the officers had been advised to recover the arrears and various programs had been implemented to recover that money.                                |
| (c) The arrears money of Rs.3,378,476 should be recovered at the end of the year under review from 146 rates units that rates was over Rs.10,000.   | The Arrear rates should be recovered. | Rs.452,988 had been recovered from 41 rates units as at 20 March 2020 and Inform that the revenue inspectors had been advised to recover the rest of the amount. |

## 2.2.3 Property Tax

### Audit Observations

### Recommendations

### Comments of the Accounting Officer

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| Rs.591,650 had not been recovered from 05 Properties owned by the Sabha. | The Arrears Tax should be recovered. | Inform that Rs.77,112 had been recovered as at 20 May 2020 and Inform that the legal actions had been taken against the property that had not paid tax. |
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#### 2.2.4 Stall Rent

<b>Audit Observations</b>	<b>Recommendations</b>	<b>Comments of the Accounting Officer</b>
(a) Rs.1,433,325 of Stall Rent as at 31 December of the year under review, 153 Stalls owned by the Sabha had not been recovered.	The Arrears rent should be recovered.	Inform that Rs.869,058 had been recovered as at 20 May 2020 and Inform that actions would be taken to recover the rest of the amount.

#### 2.2.5 Water Charges

<b>Audit Observations</b>	<b>Recommendations</b>	<b>Comments of the Accounting Officer</b>
Water Charges of Rs. 616,450 for the year under review had not been recovered.	The Arrears Water Charges should be recovered.	Inform that Rs.99,100 had been recovered as at 13 March 2020.

#### 2.2.6 Other Income

<b>Audit Observations</b>	<b>Recommendations</b>	<b>Comments of the Accounting Officer</b>
Arrears in Other Income not recognized over a year of Rs.5,260,292 had not been recovered in the year under review also.	The Arrears in Other Income should be recovered as soon as possible.	It could not be written off from the accounts because of the non availability of the specific schedules and Inform that it would be sent for the Audit and Management Committee to find a solution.

#### 2.2.7 Court Fines and Stamp Duty

<b>Audit Observations</b>	<b>Recommendations</b>	<b>Comments of the Accounting Officer</b>
Court Fines of Rs.691,125 and Stamp Duty of Rs.26,431,308 had not been recovered as at 31 December of the year under review.	The arrears Court Fines and Stamp Duty should be recovered.	Inform that Court Fines of Rs.596,793 and Stamp Duty of Rs.7,031,516 had been recovered as at 16 April 2020.

## 2.3 Surcharges

<b>Audit Observations</b>	<b>Recommendations</b>	<b>Comments of the Accounting Officer</b>
The outstanding amount surcharges of Rs.422,730 of the Surcharges imposed by me in the preceding years as at 31 December according to the regulations of the Pradeshiya Sabha Act on the liable parties.	The Surcharges should be recovered from the relevant parties.	Persons had been imprisoned according to the law suits for recovering Rs.291,600 of Surcharges therefore they had sued again to release from the Surcharges. Actions would be taken after receiving the judgment.  Rs.25,500 had been recovered from the Surcharge of Rs.155,080 and because all the two person had been diseased, the death certificates had been sent for the Department of Local Government.  The amount of Rs.1,550 rest to recover from the Surcharge of Rs.35,900 had been paid.

## 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, public utility services and public thoroughfares, public comfort, convenience and welfare.

#### Targets of Sustainable Development

The Sabha had not been identified 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 “Sustainable Development Goals Agenda of United Nations 2030”

Targets of the Sustainable Development and indices to measure the progress of achieving them should be identified and measured.

Inform that even though indices had not been identified in a specific method it had been identified the indices and criteria for the practical activities.

### 3.2 Management Inefficiencies

Audit Observations	Recommendations	Comments of the Accounting Officer
(a) <u>Obtaining the Environment Protection Permits</u> Sabha had been lost a total Income of Rs.120,000 because of not taking actions to renew environment protection permits which Sabha had issued and had expired, Rs.4,000 each.	These businesses should be inspected and charged the relevant fee and issue the environment protection permits	Inform that actions would be taken on the works that had not been obtained the environment protection permits
(b) According to the Street Lamps Register of the Sabha 1555 Street Lamps had been fixed within the Authority of the Sabha, but according to the Circular of the Secretary of the Power and Energy on 17 August 2010 it had not been made agreements between the Ceylon Electricity Board for Street Lightening therefore the Sabha had been failed recover the charges.	An agreement should be made with the Ceylon Electricity Board.	Inform that actions would be taken in the future according to the Public Requirements under the advices of the Ceylon Electricity Board.
(c) The legal possession had not been acquired in 04 Vehicles/ Machines received to the sabha during the time period of the year 2000 to 2018.	Actions should be taken to acquire the legal possession.	Documents of a fire truck had been lost and a Gully vehicle had been received as a donation therefore it could not be acquired. Inform that actions would be taken to acquire a truck in the future because of a minor change in the chassis number and actions are being taken to acquire the Gully vehicle.
(d) The areas that suitable to pay tax had been recognized in the year 1979 for the first time and the developed areas had not been widened in the year as the areas that could pay tax.	The areas that could pay tax should be recognized and widened time to time.	Protests had been arisen against the areas recognized therefore inform that actions would be taken under the advice of the Subject Minister.



### 3.3 Human Resources Management

<b>Audit Observations</b>	<b>Recommendations</b>	<b>Comments of the Accounting Officer</b>
19 vacancies relevant for 12 posts and 09 excesses relevant for 02 posts had been remained as at 31 December of the year under review.	The vacancies should be filled and the excess number of employees should be approved.	Inform that the Department of Local Government had been informed by the monthly Staff Report.

### 3.4 Assets Management

<b>Audit Observations</b>	<b>Recommendations</b>	<b>Comments of the Accounting Officer</b>
(a) Actions had not been taken to acquire the legal possession of 68 pieces of Lands and survey 56 pieces of Lands out of about 107 Acres of Lands owned by the Sabha.	The Lands owned by the Sabha should be surveyed and acquired the legal possession.	Inform that the actions would be taken to acquire the lands legally after receiving the Survey Plan.
(b) According to the last update of the Road inventory in the year 2009 there had been 334 roads but it had not been published in the gazette according to the Section 24(1) of the of the Pradeshiya Sabha Act No.15 of 1987.	The road inventory should be updated and published in the gazette.	27 Road Plans had been received it would be published after receiving the language translations.

## 4. Accountability and Good Governance

### 4.1 Internal Audit

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
Sabha had not been carried out a proper Internal Audit for the year under review.	A proper Internal Audit should be carried out.	Inform that training had not been received to forward an Internal Audit Report therefore a report had not been prepared.

## 4.2 Audit and Management Committee

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
Audit and Management Committee had not been held for the year under review.	Audit and Management Committee should be held under the legal provisions of the Sabha.	Inform that one Audit and Management Committee had been held and actions would be taken in the future according to the Circulars.