

Siyambalanduwa 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 part basis for qualified opinion section of this report, the financial statements give a true and fair view of the financial position of the Siyambalanduwa 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

Capital Expenditure of Rs.451,100 had been Accounted as Recurrent Expenditure for the year under review.

The Accounts should be prepared accurately.

The Subject Officer had been advised to prevent these types of errors when preparing the accounts for the year 2020.

(b) Lack of Evidence for Audit

Audit Observations

Recommendations

Comments of the Accounting Officer

Documents to prove the possession and the Valuation Reports on Lands and Buildings of Rs.172,923,500 and updated register of general deposits on the general deposit balance of Rs.5,268,853 had not been rendered to the audit.

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

The Subject Officer had been advised obtain regular Valuation Reports and to maintain an updated general deposits register from the year 2020.

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) <u>Pradeshiya Sabha Act No.15 of 1987</u>			
(i) Section 134(1)	Rates had not been charged by identifying Developed areas.	Actions should be taken according to the Act.	Inform that the basic actions had being taken to state the Siyambalanduwa Pradeshiya Sabha as a rates paid area.
(ii) Section 149	A Survey had not been carried out to identify the Sri Lanka Tourists Board registered or approved Hotels and Lodging Houses within the Authority of the Sabha.	Actions should be taken according to the Act.	Inform that the relevant Officers had been advised to regulate the actions.
(b) <u>National Audit Act No.19 of 2018 Section 39</u>	A response had not been shown for the Detailed Management Report which I had forwarded on the Financial Reports for the year ended 31 December 2018 under section 11(2) of National Audit Act.	Actions should be taken according to the section 19 of National Audit Act of 2018.	Inform that the relevant Officers had been advised to regulate the actions.
(c) <u>Establishment Code of the Democratic Socialist Republic of Sri Lanka</u> Section 4 of the Paragraph XXIV	An Employee Loan balance of Rs.34,289 of showed over the year 2004 of 04 employees who served in the Sabha had not been recovered.	Actions should be taken to recover the arrears employee loans.	The loan files of those 04 employees and the guarantors could not be found, therefore actions would be taken to recover those balances from the officers who served.

(d)	Housing and Urban Development Ordinance No.19 of 1915 amended by the Act No.28 of 1956	A Building Planning Committee had not been set up, to grant the approval for the buildings constructed within the area of Authority of the Sabha.	A Building Planning Committee should be set up for granting the approval.	Inform that the Planning Division had been advised to set up a Building Planning Committee in the year 2020.
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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.5,347,178 as compared with the corresponding excess of revenue over recurrent expenditure of the preceding year amounting to Rs. 3507,159.

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			
	Estimated Revenue	Revenue Billed	Revenue Collected	Total arrears as at 31 December	Estimated Revenue	Revenue Billed	Revenue Collected	Total arrears as at 31 December
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
(i) Rent	12,820,800	11,928,625	10,252,533	1,847,692	15,145,147	9,737,317	9,851,573	38,169
(ii) Licence Fees	1,782,500	-	1,285,100	-	1,613,000	-	1,793,370	-
(iii) Other Revenue	15,980,891	4,643,136	12,604,342	1,347,441	9,394,000	6,054,351	9,562,142	2,616,201
Total	30,584,191	16,571,761	24,141,975	3,195,133	26,152,147	15,791,668	21,207,085	2,654,370

2.2.2 Stall Rent

Audit Observations	Recommendations	Comments of the Accounting Officer
(a) The rent from 39 Stalls owned by the Sabha of Rs. 131,639 and the rent from the Stalls 05 demolished in the year 2015 of Rs. 36,570 had not been recovered.	The Arrears Rent should be recovered.	Inform that it had been informed to the Mediation Board in writing and the Subject Officer had been advised to take necessary actions in the future.
(b) 32 Open Stalls in Ethimale Weekly Fair had been decided not to rent out again by a Sabha Decision on 28 June 2013, and it had not been recovered the rent in arrears to that date amounted to Rs. 71,400 from 18 stalls as to 31 December of the year under review.	The Arrears Rent should be recovered.	Inform that it had been informed to the Mediation Board in written and the Subject Officer had been advised to take necessary actions in the future.

2.2.3 Water Charges Income

Audit Observations	Recommendations	Comments of the Accounting Officer
Water Charges in arrears of Rs. 95,688 for the year under review had not been recovered.	Actions should be taken to recover Water Charges in arrears	Inform that it had been charged Rs.79,012 as at 2020.05.31 and the notices had been sent to charge the rest of the amount.

2.2.4 Not Obtaining the Environmental Security License

Audit Observations	Recommendations	Comments of the Accounting Officer
A revenue of Rs. 112,000 had been lost because of not obtaining Environmental protection permits for 28 activities which should obtain Environmental protection permits Rs. 4,000 each.	Environmental Security License should be obtained for the activities which should obtain environmental protection permits.	After the awareness of the relevant Business Community carrying out those activities, it had been obtained License for 07 Activities.

2.2.5 Trade License Fees

Audit Observations

Recommendations

Comments of the Accounting Officer

A Survey had not been carried out to identify the Businesses that should obtain the Trade License for the year under review.

A survey should be carried out to identify the Businesses that should obtain the Trade License.

The Subject Officers had been advised to identify all the business places and list them down from the year 2021.

2.2.6 Business and Industry Tax

Audit Observations

Recommendations

Comments of the Accounting Officer

A Survey had not been carried out to identify the Institutes that should Pay the Business and Industry tax for the year under review.

A survey should be carried out to identify the Institutes that should Pay the Business and Industry tax.

The Subject Officers had been advised to identify all the Institutes that should Pay the Business and Industry tax and list them down from the year 2021.

2.2.7 Court Fines and Stamp Duty

Audit Observations

Recommendations

Comments of the Accounting Officer

Court Fines of Rs. 249,750 and Stamp Duty of Rs. 4,561,289 had not been recovered from the Uva Provincial Council as at 31 December of the year under review.

The arrears Court Fines and Stamp Duty should be recovered.

Rs. 2,787,343 out of Stamp Duty and Rs. 232,333 out of Court Fines, in arrears had been recovered during the year 2020 and the officers had been advised to recover the rest of the amount.

2.3 Surcharges

Audit Observations

Recommendations

Comments of the Accounting Officer

Surcharges of Rs.138,017 imposed by me in the preceding years as at 31 December according to the Sections of the Pradeshiya Sabha Act on the liable parties should be recovered.

The arrears Surcharges should be recovered.

Inform that Rs. 10,000 had been recovered in the year 2020 and the Subject Officer had been advised to recover the rest of the amount of Rs.110,008.33 from the former President.

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.

Audit Observation	Recommendation	Comments of the Accounting Officer
(a) <u>Action Plan</u> An action plan had not been prepared the year under review.	Action plan should be prepared for the year 2019.	Inform that the Planning Division had been advised to prepare an Action Plan in the year 2020.
(b) <u>Targets of Sustainable Development</u> 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 the relevant Officers had been advised to identify the indices according to the Schedule of Sustainable Development in year 2030.

3.2 Management Inefficiencies

Audit Observations	Recommendations	Comments of the Accounting Officer
(a) 10 Stalls in Syambalanduwa Weekly Fair that handed over to the Pradeshiya Sabha on 05 June 2017 had not been rented out as at 09 January 2020.	The Stalls should be rented out.	Inform that the relevant Officers had been advised to take actions to rent out those stalls again.
(b) 03 Vehicles owned by the Sabha had been idled and actions had not been taken to repair and reuse or dispose them as suitable.	Actions should be taken to repair and reuse or dispose them as suitable.	Inform that the Subject Officer had been advised to repair and reuse those vehicles in the year 2020.

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| (c) The environment protection permits had not been obtained for the Solid Waste Management Centre opened in the year 2012. | The environment protection permits should be obtained for the Solid Waste Management Centre. | Inform that the relevant Officers had been advised to set up a Treatment System in the year 2020 and obtain the environment protection permits. |
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3.3 Human Resources Management

Audit Observations	Recommendations	Comments of the Accounting Officer
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08 vacancies relevant for 07 posts and 22 excesses relevant for 07 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 actions would be taken to inform the Commissioner of Local Government to fill the vacancies and obtain the approval from the Department of Management Services.

3.4 Assets Management

Audit Observations	Recommendations	Comments of the Accounting Officer
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(a) A Survey had not been carried out on the Lands and Buildings owned by the Sabha in the year 2019.	A Survey should be carried out for the Lands and Buildings owned by the Sabha.	Inform that the relevant Officers had been advised to carry out a Survey before 2020.08.31 on the Lands and Buildings and register them.
(b) Actions had not been taken to acquire the legal possession of 73 Lands and 08 lands in several sizes had not been surveyed.	The Lands owned by the Sabha should be surveyed and actions should be taken to acquire the legal possession.	Inform that the Subject Officer had been advised to take actions to survey 08 lands and acquire the legal possession of all the lands.
(c) Even though 140 roads had been identified within the area of Authority of Sabha the road inventory had not been updated and published in the gazette.	Roads within the Authority of the Sabha should be updated in the road inventory and published in the gazette.	Inform that the relevant officer had been advised to update and maintain the road inventory.
(d) 03 Accounts held in state bank with total balance of Rs. 569,496 as at 31 December of the year under review had been idled.	The balances of the idled accounts should be used.	Inform that the relevant officers had been advised to use the money in those accounts for the tasks of the Inter Village Pilot Project.

3.5 Vehicle Utilization

Audit Observations	Recommendations	Comments of the Accounting Officer
(a) 04 machines owned by the Sabha had consumed fuel of Rs. 776,560 and run for 958.32 metre hours to fulfill 74 works during 01 January 2019 to 31 August according the daily running charts. But the work completion reports on those works had not been prepared and also estimates on 50 works had not been prepared.	Estimates and the Work completion Reports should be prepared.	Inform that necessary actions would be taken to prepare the estimates and run the vehicles in the future.
(b) The rent amounted to Rs. 266,025 on renting 03 machines and equipments owned by the Sabha from the year 2014 to July 2019 had not been recovered.	The arrears rent should be recovered.	Inform that the Subject Officer had been advised to recover that money in the year 2020.

3.6 Procurements

Procurement Plan

Audit Observations	Recommendations	Comments of the Accounting Officer
All the Goods, Works and Service Supplies had not been incurred in the Procurement Plan prepared for the year under review.	The Procurement Plan should be prepared according to the Approved Annual Budget.	Inform that the relevant officers had been advised to prevent this type of errors in the future.

4. Accountability and Good Governance

4.1 Internal Audit

Audit Observation

Recommendation

Comments of the Accounting Officer

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 the relevant officers had been advised to appoint a proper internal audit unit in the last two quarters of the year 2020 and regulate those actions.

4.2 Audit and Management Committee

Audit Observation

Recommendation

Comments of the Accounting Officer

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

Audit and Management Committee should be held in the Sabha.

Actions would be taken to held an Audit and Management Committee in the last two quarters of the year 2020 and maintain the tasks.