

**Uhana Pradeshiya Sabha**

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**Ampara District**  
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**1. Financial Statements**

**1.1 Presentation of Financial Statements**

Financial Statements for the year 2019 had been submitted to audit on 06 March 2020 and the Summarized Auditor General's and the Detailed Management Report were sent on 22 July 2020 to the Chairman.

**1.2 Qualified Opinion**

In my opinion, except for the effect of the matters described in paragraph of Basis for Qualified Opinion, financial statements give a true and fair view of the financial position of the Uhana 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 Qualified Opinion**

**(a) Accounting Deficiencies**

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
i. Roofing equipment amounting to Rs. 98,000 purchased during the year under review had not been capitalized.	Assets should be capitalized.	In the preparation of the accounts for the coming year, action will be taken to account for.
ii. The television set received as donation amounting to Rs.99,999 had not been capitalized.	Assets should be capitalized.	I will take action to account for it as a capital asset in the preparation of the accounts for the coming year.
iii. Office salaries and membership allowances due from the Provincial Council amount of Rs. 2,260,229 had not been taken into account.	Must be properly accounted for.	I will take action to correct in future account processing.
iv. Provisions had not been made in the accounts for Rs. 68,490 to be paid for the Tissapura West Road Development Program funded by the Ministry of Local Government.	Must be properly accounted for.	I will take this into account as a provision to be received in the future.

v.	03 vehicles amounting to Rs.200,000 had not been capitalized.	Assets should be capitalized.	I will take action to capitalize the vehicles valued at Rs. 200,000 as per the 2017 assessment.
vi.	Nine vehicles and machinery had not been assessed and capitalized.	Value needs to be assessed and capitalized.	Necessary steps are being taken to conduct a re-assessment.
vii.	Library books amount of Rs. 50,000 purchased during the year under review had capitalized as Rs. 500,000.	Correct values need to be capitalized.	Action will be taken to correct in the future,.
viii.	The stamp duty of Rs. 898,200 due for the year 2018 was accounted for as the income for the year under review.	Must be properly accounted for.	Action will be taken to correct in the future.
ix.	Arrears of stamp duty due for the period July to December of the year under review had not been identified and accounted for.	Must be properly accounted for.	Action will be taken to correct in the future.

**(b) Accounts Receivables and Payables**

Audit Observation -----	Recommendation -----	Comments of the Accounting Officer -----
<b>(i) Accounts Receivables</b> -----		
The arrears lease rental of Rs. 137,222 due as at 31 December of the year under review had not been recovered in respect of the 12 leased shops.	Action should be taken to recover.	A sum of Rs.37,674 has been recovered from these arrears as at 31.12.2019.
<b>(ii) Accounts Payables</b> -----		
Various unresolved deposits in respect of previous years was amounted to Rs.2,648,755.	Action should be taken to settle.	This value in the deposit account is a pre-existing value. I will look into this and take the necessary steps to resolve in the future accounts.

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

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
Evidences for 06 subjects of assets of Rs. 16,003,333 and 03 subjects of liability of Rs.2,883,155 had not been submitted for audit.	Evidences for account balances shown in the financial statements should be submitted.	Documents will be prepared, updated and submitted for audit in future.

**1.4 Non-compliances**

**Non-Compliance with Laws, Rules, Regulations and Management Decisions**

<b>Reference to Laws, Rules, Regulations and Management Decisions</b>	<b>Value</b>	<b>Non-compliances</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
	<b>(Rs.)</b>			
(a) Employees Provident Fund Act No. 15 of 1958	44,204	In the year 2019, less remittance were sent to the Employees Provident Fund for 6 employees.	Action should be taken in accordance with the provisions of the Act.	Circulars have not been complied with and will be investigated in the future.
(b) Employees Trust Fund Act No. 46 of 1980.	14,818	In the year 2019, less remittance were sent to the Employees Trust Fund for 6 employees.	Action should be taken in accordance with the provisions of the Act.	Circulars have not been complied with and will be investigated in the future.
(c) Section 126 of the Pradeshiya Sabha Act No. 15 of 1987.	-	By-laws on solid waste management had not been enacted to meet the relevant costs.	By-laws should be enacted to cover the cost.	Steps will be taken to prepare by-laws related to solid waste management in the future.
(d) <b>1988 Pradeshiya Sabha(Financial and Administrative) regulation 217</b>	-	Lands occupied by the Pradeshiya Sabha had not been acquired, assessed and included in the list of fixed assets.	Must follow the rules of the Pradeshiya Sabha.	Relevant arrangements have been made to acquire the lands.

- (e) Public Administration Circulars  
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| Circular No. 09/2009 dated 16 April 2009 | - | The fingerprint machine was not used to record the arrival and departure of officers. | The circular must be followed. | Currently, a new fingerprint machine has been installed at the Sabha. |
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| (f) The Public Finance Circular No. 30/2015 dated 10 October 2015 Paragraph 04 | - | The Pradeshiya Sabha had not identified the unused vehicles and taken action to dispose of them. | The circular must be followed. | Vehicles proposed for sale by the Board of Survey have been informed to the Deputy Chief Secretary (Finance) through Form 47. As per the decision of the Board of Survey 2019, we will take action again. |
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| (g) Circular No. 46 of 31 December 1980 of the Commissioner of Local Government | - | The rent of the 24 leased Uhana shops had not been assessed once in five years. | The circular must be followed. | Letters have been sent to the Valuation Department but no reply has been received so far. |
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## 2. Financial Review

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### 2.1 Financial Result

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According to the financial statements presented, the revenue over recurrent expenditure for the year ended 31 December 2019 amounted to Rs. 1,004,957 when compared with the revenue over recurrent expenditure of the preceding year amounted to Rs. 1,335,440.

### 2.2 Revenue Administration

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

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Information of estimated revenue, billed revenue, collected revenue and arrears of revenue relating to the year under review and previous year are shown below.

Revenue source	2019				2018			
	Estimated Revenue	Billed Revenue	Recovered Revenue	Arrears as at 31 December	Estimated Revenue	Billed Revenue	Recovered Revenue	Arrears as at 31 December
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Rates and Taxes	2,294,785	1,549,294	1,829,867	3,596,171	1,944,785	1,641,072	1,185,513	3,876,744
Rental	8,624,568	5,642,732	5,727,443	137,222	5,830,736	5,283,934	5,376,956	221,933
License Fee	951,000	573,950	573,950	0	830,000	744,165	744,165	0
Other Revenue	<u>5,802,000</u>	<u>5,520,212</u>	<u>5,678,324</u>	<u>2,168,039</u>	<u>4,340,000</u>	<u>4,457,749</u>	<u>5,311,435</u>	<u>2,326,151</u>
	<u>17,672,353</u>	<u>13,286,188</u>	<u>13,809,584</u>	<u>5,901,432</u>	<u>12,945,521</u>	<u>12,126,920</u>	<u>12,618,069</u>	<u>6,424,828</u>

## 2.2.2 Rates and Taxes

### (a) Rates and Taxes

Audit Observation	Recommendation	Comments of the Accounting Officer
According to the Rates and Taxes register, no action had been taken to recover the outstanding Rates and Taxes of Rs. 2,961,668 as at 31 December 2019.	Arrears of Rates and Taxes should be recovered.	Rs.1,398,286 has been recovered so far for the previous year and the year under review and I will take action in the future to recover the remaining arrears.

## 2.2.3 Courts Fines and Stamp Duty

Audit Observation	Recommendation	Comments of the Accounting Officer
The court fines and stamp duty due from the Chief Secretary of the Provincial Council and other authorities as at 31 December 2019 was Rs.525,550 and Rs.1,642,489 respectively.	Arrears courts fines and stamp duty should be recovered	Action is being taken to recover stamp duty.

## 3. Operational Review

### 3.1 Performance

Following matters were revealed relating to the functions which should be performed by the Sabha to regulate and administrate public health, public utility services and public roads and luxury, convenience and welfare of the people under section 3 of the Pradeshiya Sabha Act.

#### By-Laws

Audit Observation	Recommendation	Comments of the Accounting Officer
By-laws were to be enacted to fulfill 30 main matters under section 126 of	By-laws must be enacted for matters	By-laws have been prepared and submitted for necessary approval.

the Pradeshiya Sabha act, but the by-laws had not been enacted by 31 December 2019.

where no by-laws are enacted.

But so far, no approval has been received.

### 3.2 Management Inefficiencies

----- Audit Observation -----	----- Recommendation -----	----- Comments of the Accounting Officer -----
<p>An advance of Rs. 1,314,000 was paid to a contractor on 18 February 2016 for the construction of a compost yard. The project was continuously delayed due to unresolved land ownership. During the negotiation to recover the money, the contractor had agreed to deduct the money spent and pay the balance before 25 February 2019, but the money had not been returned by the end of the year under review.</p>	<p>Obtain the balance amount to be charged from the contractor and select a suitable location to execute the project.</p>	<p>In the year 2012, the Uhana Divisional Secretary legally handed over the plot of land No. 350/16 to the Uhana Pradeshiya Sabha for the above project and an environmental recommendation and recommendations from other parties were obtained. An adjoining land owner objected to the land and the then Deputy Minister of Petroleum Resources Development had identified a land to start a housing project adjacent to the land, so the dumping of garbage and the construction of a compost yard had to be stopped. Also, the alternative land proposed by the Deputy Minister for this purpose is located in the Batticaloa District outside the Ampara District and that land was also not suitable for this project. Therefore, the garbage disposal had to be taken to the Ampara Urban Council. At present, it has been referred back to the Uhana Divisional Secretary for acquisition of a new land for the establishment of a Garbage Recycling Center.</p>

### 3.3 Human Resource Management

----- Audit Observation -----	----- Recommendation -----	----- Comments of the Accounting Officer -----
<p>(a) As at 31 December 2019, there were 15 vacancies in 08 staff posts and one excess of one post.</p>	<p>Essential vacancies need to be filled.</p>	<p>Top institutional management has been informed to fill the vacancies for the vacant posts.</p>

(b) No action had been taken to recover Rs. 80,854 due from 12 transferred officers and employees as at 31 December of the year under review.	Action should be taken to recover unpaid employee loans.	I will inform the relevant officers in writing and take action to recover.
(c) A health worker and a road worker who were recruited on a permanent basis in 2014 were employed in other duties and again in December 2018, a health worker was recruited on a substitute basis and deployed to office duties.	Recruited workers should be employed in the duties relevant to the post.	When giving leave to the library staff covering the duties of the post of Librarian in the existing 03 libraries, a road worker had to be employed to solve the existing problem as there were no library worker posts in the approved staff.  Also, as those who worked in the office assistant position in the office had to be attached to other duties, a health worker had to be employed for the office assistant position in the office.

### 3.4 Operational Inefficiencies

----- Audit Observation -----	----- Recommendation -----	----- Comments of the Accounting Officer -----
Although the Tax property of the council was to be assessed every five years, rates and taxes tax was levied in the year under review on the assessment made in 2007.	A new assessment should be made and action should be taken to recover the tax.	Not Answered.

### 3.5 Assets Management

#### 3.5.1 Assets not Acquired

----- Audit Observation -----	----- Recommendation -----	----- Comments of the Accounting Officer -----
No action had been taken to acquire the ownership of 09 vehicles and machinery received by the Sabha from government and non-government organizations during the period from 2001 to 2013.	Action should be taken to acquire the legal ownership of the vehicles.	We do not have offices in Sri Lanka to obtain the signatures of the assignee of Form 06 to take necessary action for the acquisition of vehicles provided to us by NGOs (UN, UNOPS). Although it was given by the Ministry of Rehabilitation in the North and East, the vehicles could not be taken over as the Ministry does not exist in the Provincial Council. But the registration was not done when we were

given the motor grinder, 01 ton roller, 12 ton roller and 08 ton roller. Necessary arrangements have been made to take over the cab bearing number PE 8373.

**3.5.2 Vehicle Utilization**

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**Audit Observation**

**Recommendation**

**Comments of the Accounting Officer**

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Eight vehicles were driven without revenue licenses.

Action should be taken to obtain revenue licenses for vehicles.

Steps have been taken to obtain revenue licenses for vehicles that can obtain revenue licenses.

**3.6 Procurement**

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**Procurement Plan**

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**Audit Observation**

**Recommendation**

**Comments of the Accounting Officer**

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No procurement plan had been prepared for the year under review.

A procurement plan should be prepared in accordance with the approved budget.

A procurement plan for the year 2020 will be prepared and acted upon accordingly.