

Yatawatta Pradesheeya Sabha
Matale District

1. Finacail Statements

1.1 Presentation of Financial Statement

Financial Statements for the year 2017, had been presented to audit on 28 March 2018 and the Auditor Generals Report on the financial statement had been sent to the Chairman on 28 June 2018.

1.2 Qualified Opinion

In my opinion, except for the effects of the paragraph 1.3 of this report the financial statements gave a true and fair view of the financial postion of the Yatawatta Pradesheeya Sabha as at 31 December 2017 and its financial performance for the year then ended in accordance with Genaraly Accepted Accounting Principles.

1.3 Comments on Financial Statements

1.3.1 Accounting Deficiencies

The following accounting dificiencies were observed in audit.

- a) The total value of Rs.1,064,718 relating to preparing toilet system for Walawela clinical center and pre school, instaling a biogas unit in the sabha premises and improvement of the sabha office had not been taken in to accounts.
- b) The development expenditure of Rs.1, 103,374 relating to the Green park water Project which had been implemented within the jurisdiction of the sabha had not been taken in to accounts.
- c) The total value of Rs.576,235 relating to two water motors and a starter switch purchased for improvement and maintenance of two water project named Mahawela and Madiyapola sunila diya dahara had not been taken in to accounts.
- d) The value of the printing machine received to the sabha under the puranagama Project on 03 January 2017 had not been taken in to accounts.
- e) The value of the material purchased and remained in the stores for reparing 14 tube wells and the value of 05 water meters remained in the stores as sat the end of the year under

review had not been taken in to accounts. As a result, balance of the General Stores had been understated by Rs.287,079.

- f) The balance as at the end of the year under review relating to the account No.5348900 which was maintained in the bank of ceylon, Yatawatta had not been shown in the accounts,
- g) The balance of the furniture and fittings as at the end of the year under review had been overstated by Rs.51,000.

1.3.2 Accounts Receivable and Payable

a) Receivable Accounts

According to the age analysis presented, balances of Rs.173,835 unsettled in a period more than 03 years had been included in the receivable balance of Rs.16,276,524 relating to 06 accounts as at the end of the year under review.

b) Payable Accounts

According to the age analysis presented, balances of Rs.572,045 unsettled in a period more than 03 years had been included in the payable balance of Rs.8,404,936 as at the end of the year under review.

1.3.3 Lack of Written Evidence for Audit

Information not being furnished to audit

Four accounts items aggregating Rs.62, 685,274 could not be satisfactorily verified due to unavailability of necessary information.

1.3.4 Non compliance with Laws, Rules and Regeulations

The following non-compliances with Laws, Rules, Regulations and Management Decision were observed.

Reference to Laws, Rules, Regulations and management decisions	Non - Compliance
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a) The Slaughter House Act No. 09 of 1893	A Securty bond or an agreement had not been prepared and given for the slaughter house conducting in the jurisdiction of the Sabha.
(i) Section 06 (1)	

- | | |
|---|---|
| (ii) Section 09 (ii) | There was no properly issued licence for the slaughter house. |
| (iii) Section 10 | Although 108 cattles had been killed, information which should be submitted to the competent Authority had not been submitted |
| b) Pradeshiya Sabha Rules of 1988
(Financial and Administration) | |
| (i) Rule 217 | A Register as per the G.S.46 format had not been maintained up to date in respect of land and buildings. |
| (ii) Rule 218 | A survey had not been carried out relating to land and buildings roads, cemeteries, playgrounds common wells, tube wells and vehicles belong to the Sabha. |
| c) Financial Regulations 570 and 571 of the Democratic Socialist Republic of Sri Lanka | Actions had not been taken to settle or credit to the revenue the overdue amount of Rs.289,897 relating to retention money of 15 industries. |
| d) Section 31 of the part “a” of the schedule “A” of the special gazzate No. 16/1533 dated 25 January 2008. | Environment licence which should be obtained from the central environment authority had not been obtained for the slaughter house conducted in the jurisdiction of the sabha under the licence No.CPC/YPS/TL/2017/02 issued by the sabha. |
| e) Paragraph 3.3 of the Public Administration Circular No. 03/2016 of 29 December 2016. | Records had not been maintained as per the format of the attachment of the circular. |

1.3.5 Transactions not supported by an Adequate Authority

The following observations are made.

- a) A sum of Rs.91,302 had been paid to a private company without obtaining an estimate for repairing and servicing the defects of the engine of a lorry from an accepted officer or

without obtaining a certificate from a responsible officer to prove that the repair had been done properly.

- b) A sum of Rs.100,000 had been paid to a private company certifying by the technical officer that the repair of a taylor had been made properly in an instance of non availability of a detailed estimate for the repair or a detailed bill after the repair.
- c) Although a sum of Rs.27,040 and Rs.61,050 had been paid for repairing a motorcycle and a concrete mixer respectively, an approved estimate had not been obtained from a responsible officer for those repairs.
- d) A sum of Rs.418,415 had been paid to the provincial Road Development Authority without obtaining the approval of the secratory to the Ministry for repairing the lorry, as per the 9.3.1 (b) of the Government Procument Guideline. Further actions had not been taken to reimburse the relavant amount from the Ministary of Local Government and Provincial Council.

2. Financial Review

2.1 Financial Results

According to the financial staements presented, the revenue of the sabha for the year ended 31 December 2017 in excess of , the recurrent expenditure was Rs.7,166,135 whilst the corresponding revenue in excess of recurrent expenditure of the previous year was Rs.8,310,121.

2.2 Revenue Administration

2.2.1 Estimated Revenue, Actual Revenue and Outstanding Revenue

Source of Income	2017				2016			
	Estimated Revenue	Bill amount of Revenue	Collected Revenue	Total outstanding as at 31 December	Eslimated Revenue	bill amount of Revenue	Collected Revenue	Total outstanding as at 31 December
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
i. Rate and Taxes	2,010,200	1,074,882	1,561,829	270,228	1,133,000	1,107,202	1,084,107	144,422
ii Rent	2,286,506	-	814,226	14,500	2,473,000	-	2,666,265	84,125
iii Licences Fees	395,370	-	370,894	-	883,050	-	880,814	-
iv Other Revenue	2,820,704	-	1,541,696	202,714	1,441,300	-	1,100,430	142,924

Details relating to the estimated revenue bill amount of revenue collected revenue and outstanding revenue presented for the year under review and the previous year are given below.

2.2.2 Rate and Taxes

a) Acreege Taxes

The outstanding acreage tax balance as at the end of the year under review was Rs.30,284.

b) Garbage Fees

The outstanding garbage fees as at the 31 December of the year under review was Rs.34,800.

c) Water Charges

An outstanding balance of Rs.202,205 had not been recovered as at 31 December of the year under review relating to 05 water projects.

2.2.3 Rent

The outstanding balance of rent as at 31 December of the year underreview was Rs.14,500.

2.2.4 Court Fines and Stamp Fees

The recevable amount of Court Fines and Stamp Fees from the chief secretary to the provincial council and other officers as at 31 December of the year under review was Rs.290,500 and Rs.9,045,784 respectively.

2.3 Surcharges

A sum of Rs.32,259 should be recovered as at 31 December of the year under review relating to the surcharges enacted by me against to responsible persons as per the terms of the pradesheya sabha Act.

3. Operating Review

3.1 Performance

The following observations are made in respect of duties which should be fulfilled by the sabha relating to formulate and administrate public health, common utility services and common roads, people's cordiality, convenience and welfare.

a) By Laws

Although by laws should be enacted to fulfil 10 key functions under the section 126 of the pradeshiya sabha Act, such by laws had not been enacted.

b) Non achieivng of expected production level

Although a sum of Rs.1,506,580 had been incurred to fulfil 03 activities under the programme for strengthen the pradeshiya sabha, instances of non achieivng of production level are given below.

Activity	Estimated Amount	Value of the production level	observation
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	Rs.	Rs.	
(1) Improvement of toilet system of the Dungan pre -School	800,895	401,877	<p>i) No sufficient time to fulfil due to approving provision on 19 October 2017.</p> <p>ii) Eleven work items at estimated value of Rs.139,994 had not been fulfilled.</p> <p>iii) Nine work items had been fulfilled in lower level of 20 percent to 60 percent than the estimate.</p> <p>iv) Although an estimate had been made to fix aluminium doors valued at Rs.63,556 , wooden doors had been fixed and wood care paint had not been applied.</p> <p>v) Only one toilet system had been constructed instead of two systems expected to be built.</p>

(2)	Renovation and improvement of Pathingaskotuwa water project	1,292,246	687,375	Five work items valued at Rs.100,288 had not been fulfilled.
(3)	Madiyapola Water project	1,050,421	417,328	Actions had not been taken to obtain optimum benefit from the money allocated.

c) Non Achieving of Expected Benifit

Although development activities of the pre school and children's park at Dulkan Watta had been done continuously incurring a sum of Rs.3,692,885 from the year 2012 to the year 2017, actions had not been taken to begin and conduct the pre school and children's park through a proper plan to obtain benifits from the project effectively.

d) Relinquished Activites

The Project relating to construct a tube well and to supply pipes for the Randiyadahara community based organization Ambanpola could not be implemented by the provision of Rs.700,000 received during the year under review under the provincial specific development grant due to a feasibility study not being carried out before making proposal and commencing the activities of the project.

e) Solid Waste Management

The following observations are made.

- (i) An environment licence had not been obtained from the Central Enviorement Authority for the solid waste project conduted by the sabha as per 27 and 28 of the part "A" of the Special Gazzete No.1533/16 dated 25 January 2008.
- (ii) Actions had not been taken to take over the land in which the Solid Waste Management Project was conducted.
- (iii) The building constructed up to the year 2012 incurring a sum of Rs.659,062 and the compost yard constructed in the year 2016 incurring a sum of Rs.700,000 under the provincial specific grant and the funds of the sabha had not been used to product compost fertilizer and those buidings had not been used to achieve waste management objectives as expected.

f) **Substainable Development Goals**

Although monitoring methodologies had been identified to achieve sustainable development goals relating to improveament of Maternal and childrens health, examination of food production, eradicating of poverty, conservation of water sources as such and to achieve identified goals under the 2030 Agender of Sustainable Development, a problematic situation had been occured to achieve those objectives and targets due to the weaknessess such as unavaulability of adequate staff, being a sabha of low income, less provision for training and resourse persons and institutes not being identified.

3.2 Management inefficiencies

The following observations are made.

- a) Although the sabha should act in its own jurisdiction as the general administration authority of germination and securing of public health, competeness of one water project had not been tested out of the five water projects maintained by the sabha. Further actions had not been taken to rectify the unsuitability of water, reffering to a refinery process, even though the water is not in a position to drink according to the competeness reports relating to the water distributed by 04 water project.
- b) Eight receives valued at Rs.148,968 which should be credited to the sabha fund had been remained in the general deposit account.
- c) Although a sum of Rs.3,473,050 had been paid by the sabha fund durring the year under review for 04 completed industries under the programme for strengthen the pradeshiya sabha actions had not been taken to reimburse the said amount.

3.3 Human Resources Management

Vacancies and Surplus of Employees

Fifteen vacancies were observed relating to 07 posts and disturbances had been occured to the activities of the sabha due to the actions not being taken to recruit employees.

3.4 Operational inefficiencies

The following observations are made.

- a) Although the approval had been given to 60 building applications out of 94 received during the year under review, certificantes of completion had been issued only for 05 applications.

- b) Rate tax was not charged within the jurisdiction of the sabha and actions had not been taken to recover the deficiencies remained in the jurisdiction of the sabha mentioned in the Matale Assistant commissioners letter No.CPC/ACLG/M7/7/1/1/9 dated 09 July 2013 and to publish as developed area to charge rate tax.

3.5 Asset Management

3.5.1 Assets not taken over

Action had not been taken to taken over the water project valued at Rs.2,052,063 constructed under the Rathalawawa Mountan View Garden Land Project.

3.5.2 Idle/ Under Utilized Assets

Big Saddles 90mm x 20mm in extent valued at Rs.66,780 which had been purchased before the year 2008 for the construction of pathingaskotuwa water project had been remained idle in the stres for a period more than 10 years without being used.

3.6 Procurement

3.6.1 Procurement Plan

Purchasings valued at Rs.2,508,652 had been made from January to December 2017, without preparing a master procument plan, a detailed procurement plan including civil works, goods and other services and procurement time table as per the 4.2.1 and 4.2.2 of the government procurement guideline.

3.6.2 Supplies and Services

The following observations were made in respect of purchasings made during the year under review.

- a) According Section 2.8.1 (a) and 2.8.4 of the Procument Guide Line, technical evaluation committees had not been appointed and according to the section 2.11.3(a) of the procument guide line committee meeting records and the procurement register had not been maintained properly.
- b) Short and clear specifications had not been prepared relating to the purchasings of Rs.529,795 as per the section 5.6 of the procument guideline
- c) The lowest price had been rejected without presenting acceptable reasons to justify the relavant dicision when purchasing computer printer and plastic chairs in a high rate of Rs.186,720 and actions had not been taken as per the 1988 pradeshiya sabha rules 178(9)

(4) (finance and administration) and 5.6, 2.11.3 of the Procurement Manual and related article (5), (10), (11).

4. Accountability and Good Governance

4.1 Budgetary Control

The following observations are made.

- a) Any income had not been recovered from the estimated revenue of Rs.22,366,084 relating to 17 revenue items.
- b) Variations in a range from 45 percent to 203 percent were remained between the estimated income and actual income relating to 18 revenue items.
- c) Any expenditure had not been incurred out of the provision of Rs.14,310,400 made for 40 expenditure items.
- d) Variations in a range from 45 percent to 98 percent were observed between the net provision and the expenditure relating to 26 expenditure items.

4.2 Audit and Management Committees

Although audit and Management committees should be held as 01 per quarter, according to the letter of the commissioner of the Local Government No.CPC/CLG/1/9/1/4 dated 08 August 2014 and the letter of Chief Secretary of the central province No.CPC/CMC/1/6 dated 01 August 2014 and, only one committee had been held during the year under review.

5. Systems and Controls

Deficiencies observed in the course of audit were brought to the notice of the Sabha from time to time and Special attention is needed in respect of the following areas of control.

System -----	Deficiency -----
a) Assets Management	<ul style="list-style-type: none"> i) Accounting not being done. ii) Not being taken over. iii) Remaining under Utilized and idle.
b) Human Resources Management	Vacancies not being filled.
c) Project / Contract	<ul style="list-style-type: none"> i) A feasibility study not being made before commencement. ii) Completion not being done as to be obtained expected benefit.
d) Budgetary Control	<ul style="list-style-type: none"> i) Provisions not being Utilized. ii) Revenue targets not being achieved.