

**Gomarankadawala Pradeshiya Sabha**

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**Trincomalee District**  
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**1. Financial Statements**

**1.1 Presentation of Financial Statements**

The Financial Statements for the year 2018 had been presented for audit on 05 July 2019 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 August 2019 and 10 October 2019 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 Gomarankadawala Pradeshiya Sabha as at 31 December 2018 and its financial performance for the year then ended in accordance with Generally Accepted Accounting Principles.

**1.3 Basis for the Qualified Opinion**

**1.3.1 Accounting Deficiencies**

Accounting Deficiency	Recommendation	Comment of the Accounting Officer
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Accrued expenses of Rs. 1,528,889 relevant for the year had not been accounted.	Should be accurately brought to accounts.	Action will be taken to correct through accounts in 2019.

**1.3.2 Reconciled Accounts**

Audit Observation	Recommendation	Comment of the Accounting Officer
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There was a difference of Rs.170,725 related to schedules and 4 deposit balances in financial statements.	Action should be taken to correct the accounts, reconciling the differences in the related balances.	It is mention that action will be taken to correct in future.

### 1.3.3 Lack of Written Evidence Required for Audit

Audit Observation	Recommendation	Comment of the Accounting Officer
Deposits amounting to Rs. 130,621 could not be satisfactorily vouched in audit due to absence of required information.	Required evidences to identify the balances of accounts should be furnished with the accounts.	Action will be taken correctly accounted in 2019 by checking the schedules in future.

### 1.4 Non Compliances

#### 1.4.1 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) <b>Financial Regulations of Democratic Socialist Republic of Sri Lanka</b>			
(i) Financial Regulation 396(c)	Action had not been taken according to 2 cheques of Rs.4,418 which was over 6 months.	Action should be taken according to Financial Regulation.	It is stated that action will be taken to aware the payees and according to Financial Regulation 396(c).
(ii) Financial Regulation 571	Action had not been taken to settle the Miscellaneous deposit of Rs. 434,870 and 37 of Revenue deposits which was over 2 years.	Action should be taken according to Financial Regulation.	Action will be taken to settle the deposit revenue in this year according to given instructions.
(iii) Financial Regulation 880	Security money had not been deposited to the 05 officers who	Action should be taken according to Financial	It is mention that steps will be taken to deposit the security

	should be deposited security.	Regulation.	money of 05 officers before ending this year.
(iv) Financial Regulations 1645(b) and 1646	Running charts of 13 vehicles had not been furnished to the Auditor General.	Action should be taken according to Financial Regulation.	Action will be taken to furnished to the Auditor General from next month.
(b) 1988 Pradeshiya Sabha(Finance And Administration) Rule			
(i) Rule 217	A fixed assets register had not been maintained in the correct format.	Fixed assets register should be maintained.	Although there had been prepared a fixed assets register there were no staff to maintain it properly and action will be taken to complete all in future.
(ii) Rule 218	All lands and buildings had not been surveyed annually.	Lands and buildings should be surveyed annually and mention the accurate amount in the accounts.	This was felled off due to lack of relevant officers. It is mentioned that action will be taken to completely correct when received the officers.

## 2. Financial Review

### 2.1 Financial Results

According to the Financial Statements presented, excess of revenue over Recurrent expenditure of the Sabha for the year ended 31 December 2018 had been Rs. 3,217,338 as compared with the corresponding excess of revenue over recurrent expenditure amounted to Rs. 1,729,746 in the preceding year.

## 2.2 Revenue Administration

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

Information relating to estimated revenue, revenue billed, revenue collected and arrears of revenue for the year under review and preceding year, as furnished are given below.

Source of Revenue	2018				2017			
	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.. '000	Rs.. '000	Rs.. '000	Rs. '000.	Rs.. '000	Rs.. '000	Rs.. '000	Rs.. '000
(i) Rates and Taxes	50	31	31	-	-	-	-	-
(ii) Rent	2,165	3,336	3,647	188	1,860	1,964	1,858	106
(iii) License Fees	126	124	124	-	119	130	130	-
(iv) Other Revenue	1,404	2,259	2,259	5,453	1,158	1,754	1,754	-

### 2.2.2 Court Fines and Stamp Fees

Audit Observation	Recommendation	Comment of the Accounting Officer
Action had not been taken to identify and recover the receivable stamp fees for the year of 2017 and 2018.	Stamp fees should be recovered.	Relevant officers had been instructed to take prompt action to recover the receivable stamp fees.

### 2.2.3 Rent

Audit Observation	Recommendation	Comment of the Accounting Officer
The monthly rental of trade stalls and rental houses which had been rent out by Sabha were in between Rs.1,580 and Rs.2,180. But Sabha had not drawn attention to charge the monthly rental which match the present by	Prompt action should be taken to assess the trade stalls and rent houses and recover the arrears rent.	Out of 75 per cent from the revenue of 2018 had been recovered up to first half of the year 2019, and Honorable Sabha had decided to tender the trade stalls and rent houses and obtain monthly rental suitable for the

revaluating and recover the  
arrears rent of Rs.188,414.

present.

### 3. Operating Review

#### 3.1 Performance

Matters revealed with regard to fulfilling regulation and control and administration of public health, public utility services and public thoroughfares, generally with the protection and promotion of the comfort convenience and welfare of the people and amenities by the Sabha under Section 3 of the Pradeshiya Sabha Act are shown below.

(a) By-laws

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comment of the Accounting Officer</b>
Although by-laws have to be imposed under Section 126 of the Pradeshiya Sabha Act in order to perform 28 main functions, by-laws had not been imposed by Sabha even up to 31 December 2018.	Prompt action should be taken to impose by-laws.	By-laws were not implemented in any Local Authority in the entire Eastern Province. However action will be taken to impose and pass required by-laws with the co-operation of Local Government in future.

(b) Action Plan

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comment of the Accounting Officer</b>
According to the Public Finance Circular No.01/2014 on 17 February 2014, an Action Plan had not been prepared for the year 2018.	Action Plan should be prepared.	When adequate staff received, this plan will be prepared in proper.

(c) Activities not implemented

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<b>Audit Observations</b>	<b>Recommendations</b>	<b>Comments of the Accounting Officer</b>
----- Any development project had not been implemented from Sabha fund in the year under review.	----- Action should be taken to implement development projects according to proper plan from the beginning of the year.	----- It is kindly informed that, since there had not a technical officer for preparing projects, those were carried out in this year.

(d) Environmental License

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<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comment of the Accounting Officer</b>
----- In terms of the provisions of Section 23 “a” of the National Environmental Act No.47 of 1980 as amended by Act No.56 of 2000 and Act No.53 of 2000, 19 enterprises which environmental defects occurred such as rice mills, carpentry and cement based industries had been operating business without obtained environmental license.	----- Action should be taken to issue licenses for the enterprises should be obtain environmental license.	----- A revenue inspector was not in 2018 and a temporarily officer had been appointed up to now, and identify the industries which should be issued relevant license and inform to obtain license, if they did not do such, action will be taken to get legal action on the coordination of the Public Health Inspector.

(e) Sustainable Development Goals

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<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comment of the Accounting Officer</b>
----- Sustainable Development Goals had not been identified by the Sabha and had not got aware about that.	----- Prompt action should be taken to identify Sustainable Development Goals and objectives and implemented.	----- It is kindly informed that action will be taken to identify Sustainable Development Goals which will be implemented on Local Authority level and implement those targeted objectives.

### 3.2 Management Inefficiencies

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comment of the Accounting Officer</b>
An amount of Rs.362,870 to the Department of National Budget recovered from 8 members under providing Motor Cycles on a concessionary basis for Local Government members and the amount was deposited in the General Treasury.	Relevant cash should be sent to the National Budget Department without delay.	Action will be taken to look after about it in 2018 and sent to the National Budget Department.

### 3.3 Human Resource Management

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comment of the Accounting Officer</b>
According to the approved cadre 14 vacancies in 8 of post had been assisted.	Action should be taken to fill vacant employees.	All requests had been made about employee vacancies to the Management service Department and Provincial Governor.

### 3.4 Operating Inefficiencies

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comment of the Accounting Officer</b>
Office equipment's of Rs. 283,998 had been purchased under the provisions of Ministry of Local Government and Local Authority for the implementation of Front office Programme 2017 and 03 sets of computer and assoseries and a printer had been given by that Ministry. Those equipment were being destroying due to the not implementation of Front office.	Action should be taken to ensure the durability of assets and implement the Front office.	Front office programme was hard by to implement due to lack of staff Approved staff should be filled to implement the affairs property in the office which had been facing severe shortage of officer since last year and kindly inform that if all the accessories are provided at present, adequate staff will be provided and promptly the concept of Front line will be established and public service can be regulated.

### 3.5 Assets Management

#### Idle and Underutilized Assets

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comment of the Accounting Officer</b>
Due to none of their registration certificates. However Prompt action will be taken to dispose these vehicles. A Mitsubishi cab from 2004, year a tractor from the year 2008, old water bouser from the year 2016 had been removed without being used and action had not been taken to use by repair in and dispose them up to 30 July 2019.	Action should take to dispose or repair.	These two vehicles are not in position to repair. Also disposal recommendations of several surveys in previous years had not to be carried out.

### 3.6 Procurement

#### Procurement Plan

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comment of the Accounting Officer</b>
Procumbent plan had not been prepared for the year 2018 according to the National Budgets circular No.01/2014 dated 17 February 2014.	Action Plan should be prepared.	It is kindly mentioned that action will be taken to prepare and maintain these all plans, when received enough staff.