

**Soranathota Pradeshiya Sabha
Badulla District**

1. Financial Statements

1.1 Presentation of Financial Statements

The financial statements for the year 2018 had been presented for audit on 28 February 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 24 May 2019 and 31 May 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 Soranathota 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 Qualified Opinion

(a) Accounting Deficiencies

Audit Observation	Recommendation	Comments of the Accounting Officer
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(i) The contributing of pension cash For the year under reviewed had been accounted by exceed amount of Rs. 155,693.	Should be correctly brought to account.	Action will be taken to correct accounts.

(b) Lack of Necessary Documentary Evidence for Audit

Audit Observation	Recommendation	Comments of the Accounting Officer
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Three Assets items of aggregating Rs.686,829,102 and accrued deposits of Rs.1,475,165 could not be satisfactorily vouched in audit due to unsubmitted of	The evidence that certify the account balances should be submitted .	Action will be taken to correct all evidence and defects..

bonds, plans, assignments
,schedules, fix assets registers
credit certificates.

1.4 Non compliance

Non-compliance with Laws, Rules, Regulations and Management Decisions

Instances of non-compliance with laws, rules, regulations and management decisions appear below.

Reference to Laws, Rules, Regulations and Management Decisions	Non-compliance	Recommendation	Comments of the Accounting Officer
(a) Pradeshiya Sabha Act No.15 of 1987			
(i) Sections132, subsection A and O	The Minister's permission had not been taken for buy pre-school bags which worth Rs.341,900 for the year under reviewed.	Action should be taken in terms of the Act.	Action is being taken to get Minister's permission .
(ii) Section 158 and 159	Rs.637,795 worth arrears had not been recovered for the year under reviewed.	Action should be taken to recollect the arrears.	Action is being taken to recollect the arrears from customers.
(b) 1988 Pradeshiya Sabha (Finance and Administration) Rules			
(i). Rule 5(3)	Sufficient internal audit had not been committed for the year under reviewed.	Internal audit should be committed.	Internal auditor is being appointed for now.
(ii) Rule 203 and 204.	The actions had not been taken about the defect of 59 goods from 27 items that was identified by 2017	Action should be taken according to the rules.	Action Is being taken to proceed Board of survey recommendation

and 2018 Board of survey.

2. Financial Review

2.1 Financial Results

According to the financial statements presented, the excess of revenue over recurrent expenditure of the Sabha for the year ended 31 December 2018 amounted to Rs.1,022,489 as compared with the excess of revenue over recurrent expenditure of the preceding year amounting to Rs.145,040.

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	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.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Rates and Land	87,124	86,592	55,240	31,352	87,124	86,593	61,203	25,390
Taxes	9,600	9,600	5,167	4,434	9,600	9,601	5,270	4,331
Rent	388,800	420,165	396,697	422,849	468,800	395,412	358,600	36,811
License Fees	500,000	491,800	491,800	--	380,000	493,754	493,754	--
Water Charges	1,600,000	1,907,150	1,862,870	44,280	1,300,000	1,854,570	1,839,315	15,255
total	2,585,524	2,915,307	2,811,774	502,915	2,245,524	2,839,930	2,758,142	81,787
Total	2,585,524	2,915,307	2,811,774	502,915	2,245,524	2,839,524	2,758,142	81,787

2.2.2 Performance in collection of Revenue

Audit Observation	Recommendation	Comments of the Accounting Officer
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The creditor's revenue Rs.14,279,928 which coming from over year had not been charged.	The arrears should be charged to identify relevant parties.	The audit query is correct.

2.2.3 Court Fines and Stamp Fees

Audit Observation	Recommendation	Comments of the Accounting Officer
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(a) Court Fines		
Court fines of Rs.2,200,000 had not been recovered 31 st December in the year under review.	Deficit of the court fine should be recovered.	Action will be taken in year 2019.
(b) Stamp Fees		
Stamp fees of Rs.1,329,850 Had not been recovered 31 st December in the year under review.	Deficit of the Stamp fees should be recovered.	Action will be taken in year 2019.

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, common amenities and public highways, healthy environment of the public, facilities, welfare etc.,

(a) Bye-Laws

Audit Observation	Recommendation	Comments of the Accounting Officer
(a) The bye-laws issued for accomplish 30 major facts by section 126 of the Pradeshiya Sabha act had not been followed for 11 major facts for 31 st December 2018.	By-laws should be imposed according to the Act..	Action is being taken according to the bye-laws in future.

(b) Solid Waste Material Management

Audit Observation	Recommendation	Comments of the Accounting Officer
Although the Pradeshiya Sabha was followed the by laws of solid waste material management according to 2012 December 05 No : 1178/45 special gazette, had not been take actions to collect waste taxes from pre- identified places before 31 st December 2018.	Solid Waste Management should be carried out.	The officers were advised to provide dustbins to people, how to manage solid waste material correctly as well.

(c) Sustainable Development Targets

Audit Observation	Recommendation	Comments of the Accounting Officer
The Sabha had not identified the indicators referred to in the 2030 Agenda of the Sustainable Development goals relating to sustainable development objectives and targets for measure sustainable development objectives and targets. Index.	Indicators should be identified for measure sustainable development objects and targets and programs to achieve sustainable development objectives and targets should be planned and implemented and index annually .	Action is being taken to identify the indicators for measure the sustainable development objectives and targets.

3.2 Management Inefficiencies

----- Audit Observation -----	----- Recommendation -----	----- Comments of the Accounting Officer -----
(a) In 2016, the development of the entrance road of Dunhinda waterfall, Rs.68,051 had been loss from the Sabha fund as a result of the retention payment which is Rs.68,051 had been paid twice.	The excess amount of retention payment that paid before should be recovered.	Action is being taken to recollect that amount from the relevant rural development society.
(b) The Creditor's balance which is Rs.15,910,328 had not been settled.	The creditor's balance should be settled.	The Audit query is correct.

3.3 Human Resources Management

----- Audit Observation -----	----- Recommendation -----	----- Comments of the Accounting Officer -----
(a) Action had not been taken to fill 06 vacancies for 06 positions 31 st December in the year under review although 15 excess amount of staff members were for 04 position for the year under review .	Vacancies in the cadre should be approved and the excesses regularized.	Action is being taken to approved and the excesses regularized for the vacancies in the year.
(b) Action had not been taken to recovered loan balance worth Rs.238,307 from officer who worked and retired in Sabha.	Arrears of loan balances should be recovered soon.	Action is being taken to recover arrears of loan balances..

3.4 Annual Procurement Plan

----- Audit Observation -----	----- Recommendation -----	----- Comments of the Accounting Officer -----
An annual procurement plan had not been prepared for the year under review.	An annual procurement plan should be prepared.	Action is being taken to prepared in future.

4. Accountability and Good Governance

4.1 Implementation of Audit and Management Committee

Audit Observation	Recommendation	Comments of the Accounting Officer
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<p>Although an Audit and Management Committee had been established as per provisions in the Management Audit Circular No.DMA/2009 of 09 June 2009, only 2 meetings had been held even by end of the year under review.</p>	<p>Action should be taken according to the circular.</p>	<p>Action will be taken to conduct Audit and Management Committee meetings from future.</p>