

Uvaparaganama Pradeshiya Sabha
Badulla district.

1. Financial Statements

1.1. Presentation of the Financial Statements

The Financial Statement for the year 2018 had been submitted for audit on 06 March 2019 and the summary report of the Auditor General had been sent to the Chairman of the Council on 30 May 2019 and the detailed report had been sent on 31 May 2019.

1.2. Qualified Opinion

In my opinion except for the effect on the matters described in the Section of basis of qualified audit opinion of this report, Financial Statements give a true and fair view of the financial position of the Uvaparaganama 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 Observations	Recommendations	Comments of the accounting officer
(i)	A fixed deposit of Rs.6,000,000 that was matured in the Year under review had been credited into income.	Accounts should be corrected.	Action will be taken to correct within the next year.
(ii)	An amount of Rs. 2,848,935 for 3 works had been included in work creditors even though that amount had been paid as at 31 December of the year under review.	Accounts should be corrected.	Action will be taken to correct within the next year.
(iii)	Interlock valued at Rs. 5,470,180 had been included to the final stocks of the Council even though the said item is not physically exist.	Accounts should be corrected.	Action will be taken to correct within the next year.
(iv)	Although the value of Land and Building belonging to the council had been identified	Accounts should be corrected.	Action will be taken to correct

as Rs. 34,961,413, the said amounts were not included to the final accounts.

within the next year.

b) Lack of Documentary Evidence for Audit

Audit observations

Recommendations

Comments of the accounting officer

Balance of debtors amounting to Rs.362,626 could not be satisfactorily verified in audit.

Evidence relevant to the audit should be submit with the accounts

Accounts will be prepared with the evidence in the next accounting year

1.4 Non-compliance

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

References to Laws, Rules, Regulations and Management Decisions	Non-compliance	Recommendation	Comments of the accounting officer
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(a) Pradeshiya Sabha Act No. 15 Of 1987			
(i) Section 150	Action had not been taken to conduct a survey and recover the work taxes on Industries/ Businesses within the area of authority of the council	Action should be taken in accordance with the Rules and Regulations of the act.	Action will be taken to correct within the next year.
(ii) Gazette No.126 (vii)(F) and No.2049 dated 08 December of 2017	Action had not been taken to inspect, document and recover fees from the holdings within the area of authority of the Council.	Action should be taken in accordance with the Act and the Gazette notification.	Correct action will be taken within the next year.
(b) Pradeshiya Sabha (Financial and Administration) Rules Rule 114	Advance amounting to Rs.280,765 had not been settled as at 31 December of the year under review.	Action should be taken in accordance with the Rules of the Pradeshiya Sabha 1988	Action will be taken to settle imprest in the next year.

2. Financial Review

2.1 Financial Results

According to the Financial Statements presented, the surplus of revenue over recurrent expenditure of the Council for the year ended 31 December of the year under review amounted to Rs.13,487,110 as compared to surplus of revenue over recurrent expenditure of the preceding year amounted to Rs.6,967,366.

2.2 Revenue Administration

2.2.1 Estimated Income, Billed Income, Collected Income, and Arrears of Income

The details of the Estimated Income, Billed Income, Collected Income and Arrears of Income for the year under review and the preceding year is stated below.

Source of Income	Estimated Income	2018			2017			
		Billed Income	Collected Income	Arrears as at 31 December	Estimated Income	Billed Income	Collected Income	Arrears as at 31 December
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
i. Assessment and Tax	2,519,540	2,910,964	2,242,372	668,592	2,269,540	2,812,020	2,674,918	756,897
ii. Rent	1,289,000	1,293,844	938,913	354,931	1,451,000	873,832	929,649	503,278
iii. Permit Charges	965,000	-	-	-	700,000	40,000	980,280	-
iv. Other Income	9,800,000	9,907,318	3,254,805	6,652,513	11,584,000	-	6,592,877	5,301,710
	<u>14,573,540</u>	<u>14,112,126</u>	<u>6,436,090</u>	<u>7,676,036</u>	<u>16,004,540</u>	<u>3,725,852</u>	<u>11,177,724</u>	<u>6,561,885</u>

2.2.2 Performance of Revenue Collection.

	Audit observation	Recommendations	Comments of the accounting officer
(a)	An amount of Rs.14,112,126 had been billed as total income in the year under review yet an amount of Rs.7,676,036 had not been collected and the amount was equal to 54 per cent of the total billed income.	Arrears of income should be collected immediately.	Action will be taken to collect the arrears of income of the year 2019.
(b)	Shop rent, Water bills, Fair tax and arrears of Capital Grants due more than one-year amounting to Rs.19,436,272 had not been collected.	Arrears of income should be collected.	Action will be taken to collect income.

2.2.3 Assessment and Tax

Audit observation	Recommendations	Comments of the accounting officer
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Other income amount to Rs.9,907,318 had been billed as at 31 December of the year under review yet an amount of Rs.6,652,513 had not been collected and that amount equaled to 67 per cent of the total billed amount.	Arrears of other income should be collected.	Arrears of other income for the year 2019 will be collected.

2.2.4 Court fines and Stamp fees

(a) Court Fines

Audit observation	Recommendations	Comments of the accounting officer
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Arrears of Court fines amounting to Rs.21,310,525 had not been collected even up to 31 December of the year under review.	Arrears of court fines should be collected.	Action will be taken to collect the arrears of court fines.

(b) Stamp Fees

Audit observation	Recommendations	Comments of the accounting officer
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Arrears of income amounting to Rs. 5,571,696 to be collected on 31 December of the year under review had not been collected	Arrears of Stamp Fees should be collected.	Action will be taken to collect the arrears of Stamp Fees.

3. Operational Review

3.1 Performance

Facts observed relating to the execution of activities by the Pradeshiya Sabha in accordance with Section 3 of the Pradeshiya Sabha Act such as regulation of health of the general public, common utility services and public road facilities and maintenance of people's welfare, facilities and development are given below.

(a) Goals of Sustainable Development.

----- Audit observation -----	----- Recommendations -----	----- Comments of the accounting officer -----
Although the Council had been aware of the “2030 agenda of Sustainable Development”, the indexes for measuring the sustainable goals that the council can implement had not been identified.	Progress should be measured after identifying the indexes for measuring goals of sustainable development.	Action will be taken to identify the indexes for measuring goals of sustainable development

(b) Action plan

----- Audit observation -----	----- Recommendations -----	----- Comments of the accounting officer -----
An action plan for the year under review had not been prepared by the Council.	Action Plan should be prepared act accordingly.	An action plan will be prepared in the future.

3.2 Management inefficiencies.

----- Audit observation -----	----- Recommendations -----	----- Comments of the accounting officer -----
(a) Due to the delay in obtaining Revenue License for a cab belonging to the Council, an amount of Rs.32,670 had been paid as a fine on the year 2018	Revenue license should be obtained on the due dates.	Paying the respective fines will be done according to the advice of the management committee.
(b) Supply creditors, work creditors, and miscellaneous creditors totaling to Rs. 22,915,994 due from more than one year had not been settled in the year under review.	Action should be taken to settle the balances.	Action will be taken to release the said amounts as soon as cash provisions are available.

3.3 Human Resource Management

	Audit observation	Recommendations	Comments of the accounting officer
(a)	Excess of cadre for 03 posts of the council amounted to 14 on 31 December of the year under review.	The cadre who are not approved for their posts have to be approved.	Reports had been submitting to the Department of Management of Service for approving the excess cadre.
(b)	02 vacancies for 02 posts were exist as at 31 December of the year under review.	The vacancies of the cadre should be filled.	Action will be taken to fill the vacancies.

3.4 Procurement

Procurement Plan

	Audit observation	Recommendations	Comments of the accounting officer
	A procurement plan for the year under review had not been prepared	A procurement plan should be prepared.	Action will be taken to prepare a procurement plan.

4. Accountability and Good Governance

4.1 Internal Auditing

	Audit observation	Recommendations	Comments of the accounting officer
	An internal audit had not been conducted for the year under review.	Action should be taken to conduct an Internal Audit for every year.	Comments had not been received.

4.2 Audit and Management Committee

Audit observation	Recommendations	Comments of the accounting officer
<p>Although Audit and Management Committee meetings should be held once per quarter as according to circular No. DMA/2009(01) dated 09 June 2009 of the Department of Management Audit, yet only 02 meetings were held within the year under review.</p>	<p>A Management Committee meeting should be held once per quarter.</p>	<p>Action will be taken to hold a Audit and Management Committee meeting once per quarter.</p>