

Millaniya Pradeshiya Sabha

Kalutara District

1. Financial Statements

1.1 Presentation of Financial Statements

The financial statements for the year 2018 had been presented for audit on 02 October 2019 and the summary report of the Auditor General on the financial statements and the detailed management audit report had been forwarded to the Chairman on 27 October 2019 and 29 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 Millaniya 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
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(i) A sum of Rs 4,000,000 had received from Bandaragama Pradeshiya Sabha for implementing the Sabha during the year under review instead for accounting under reserve had been stated as payable deposit in the financial statements.	Should be accurately accounted.	Action will be taken to correct.
(ii) Although capital expenditure for the year under review was Rs 9,655,089 the same had been stated as Rs. 9,969,024 in the financial statements thus overstating the capital expenditure Rs. 313,935.	Should be accurately accounted.	Action will be taken to correct.
(iii) Although recurrent expenditure for the year under review was Rs. 31,324,229 the same had been stated as Rs. 30,792,260 in	Should be accurately accounted.	Action will be taken to correct.

the Financial Statements thus understating the recurrent expenditure Rs.531,969.

- (iv) The fixed assets had been purchased at Rs. 714,050 during the year under review had not been capitalized. Should be accurately accounted. Action will be taken to correct.

1.4 Non-compliance

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

Reference to Laws, Rules, Regulations and Management Decisions	Amount	Non-compliance	Recommendation	Comments of the Accounting Officer
	Rs.			
(a) Gazette No. 1888/47 dated 28 December 2015	124,598	Action had not been taken to recover the charges relevant to 54 advertisement boards in the Sabha area.	Charges should be recovered.	It was informed to pay the charges for advertisements boards and to removed unauthorized advertisement boards.
(b) Public Administration Circular No. 2016/30 dated 29 December 2016 Paragraph 3.1	-	Fuel Consumption had not been tested for 6 vehicle belonging to Sabha.	Fuel consumption should be tested.	Accepted. Relevant drivers have been awarded to test fuel consumption.

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.14,189,878.

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) Action Plan

Audit Observations	Recommendations	Comments of the Accounting Officer
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(i) The Action Plan for recurrent and capital expenditure of Rs 42.59 million had not been properly prepared by the budget which had prepared for the year 2018.	Action Plan should be prepared according to annual budget provision.	Shortcomings were occurred as newly incorporated Sabha, action will be taken to correct in 2019.
(ii) The method for measuring the annual performance of 140 activities identified for 50 programmes had not been used in the Action Plan prepared for budget of Rs 42.59 million in 2018	Annual performance should be measured for identifying the programs in the Action Plan.	Shortcomings were occurred as newly incorporated Sabha, action will be taken to correct in 2019.

3.2 Management Inefficiencies

Audit Observations	Recommendations	Comments of the Accounting Officer
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(a) Action had not been taken to issue environmental security license for 17 industries had operated in 2018. Further, action had not been taken to issue new license for 6 which had expired.	Action should be taken to identify and issue new environmental license and renewed the license which had issued.	Environmental license have been issued in 2018.

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| (b) Bandaragama Pradeshiya Sabha had been seperated into two Pradeshiya Sabha of Bandaragama and Millaniya after 15 February 2018, as a result the assets and liabilities owed to Millaniya Pradeshiya Sabha had not to be seperated up to 26 July 2019. | Action should be taken to separate relevant assets and liabilities for 2 Sabha. | This will be done by Assistant Commissioner of Local Authority, Kalutara. Action will be taken to remind and accelerate. |
| (c) Action had not been taken to 05 public complaints had been received during the year under review. | Action should be taken to examined and solve the public complaints. | Ths problem with the construction of the wall of Macksons Lanka Pvt Ltd has been remained for a long time and further action is being taken to unauthorised constructions. |

3.3 Human Resource Management

Audit Observations	Recommendations	Comments of the Accounting Officer
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There were 05 and 43 vacancies respectively in 04 post of secondary level and 12 posts of primary level in approved cadre.	Action should be taken to fill vacancies.	There is only 01 vacancies in 01 post in secondary level and 04 vacancies in 04 posts in primary level. And had been furnished to sought approval for recruiting.

3.4 Procurement

3.4.1 Procurement Plan

Audit Observations	Recommendations	Comments of The Accounting Officer
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Procurement Plan had not been prepared for the year under review.	Proper Action Plan should be prepared.	Action will be taken to correct in future.

3.4.2 Contract Administration

Audit Observations -----	Recommendations -----	Comments of the Accounting Officer -----
Special rates had been used for the items which were not in BSR and HSR without getting an approval for such items a sum of Rs.1,009,870 had been paid for 02 contract in 2018.	Approval should be taken for using special rates.	Action will be taken to do in future projects by obtaining instructions to approve such prices .

4. Accountability and Good Governance

Internal Audit

Audit Observations -----	Recommendations -----	Comments of the Accounting Officer -----
Internal audit had not been implemented by preparing internal audit program for the year 2018.	An internal audit should be implemented to regularize the Sabha activities.	Internal audit unit had been implemented. Action will be taken to regularize.