

Padaviya Pradeshiya Sabha
Anuradhapura District

1. Financial Statements

1.1 Presentation of Financial Statements

The financial statements for the year 2019 had been presented to the Audit on 28 February 2020. The summary report of the Auditor General relating to those financial statements, and the detailed management audit report had been submitted to the Chairman on 19 May 2020 and 08 June 2020 respectively.

1.2 Qualified Opinion

In my opinion, the financial statements give a true and fair view of the financial position of the Padaviya Pradeshiya Sabha as at 31 December 2019 and its financial performance for the year then ended in accordance with Generally Accepted Accounting Principles.

(a) Accounts Payable

Audit Observation -----	Recommendation -----	Comment of the Accounting Officer -----
Three account balances of 652,134 continued to exist for more than 03 years. had not been settled	Action should be taken to settle the balance payable.	A letter has been sent seeking information from the Department of Pensions.

(b) Lack of Documentary Evidence for Audit

Audit Observation -----	Recommendation -----	Comment of the Accounting Officer -----
No credible evidence had been presented in respect of 05 items of accounts worth Rs. 336,661,047.	Evidence confirming the account balance shown in the financial statements should be furnished.	Agree.

2 Financial Review

2.1 Financial Results

According to the financial statements presented, the recurrent expenditure of the Sabha in excess of the revenue amounted to Rs. 825,563 for the year ended 31 December 2019 as compared with the corresponding recurrent expenditure in excess of the revenue amounting to Rs. 1,208,442 for the preceding year.

2.2 Revenue Administration

2.2.1 Estimated Revenue, Billed Revenue, Collected Revenue, and Outstanding Revenue

Details on the Estimated Revenue, Billed Revenue, Collected Revenue, and Outstanding Revenue presented for the year under review and the preceding year are as follows.

Source of Revenue	2019				2018			
	Estimated Revenue	Billed Revenue	Collected Revenue	Total Arrears as at 31 December	Estimated Revenue	Billed Revenue	Collected Revenue	Total Arrears as at 31 December
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
(i) Rates and Taxes	260,000	151,000	151,000	-	1,050,000	1,091,230	1,091,230	-
(ii) Lease Rents	4,568,000	2,758,250	2,747,450	10,800	3,461,800	3,042,219	3,042,219	-
(iii) License Fees	1,660,000	1,269,790	1,269,790	-	181,000	246,629	246,629	-
(iv) Other Revenue	1,317,500	3,498,746	2,402,599	1,096,147	1,108,500	1,319,227	988,782	976,572
	<u>7,805,500</u>	<u>7,677,786</u>	<u>6,570,839</u>	<u>1,106,947</u>	<u>5,801,300</u>	<u>5,699,305</u>	<u>5,368,860</u>	<u>976,572</u>

2.2.2 Rate and Taxes

Audit Observation

Developed areas in the area of authority of the Pradeshiya Sabha had not been identified and rates had not been recovered by publishing gazette notifications.

Recommendation

Action should be taken to impose and recover rates in terms of Section 134 of the Pradeshiya Sabha Act No. 15 of 1987.

Comment of the Accounting Officer

Developed areas have been identified and mapped. Action will be taken to publish gazette notifications in the future to collect rates.

2.2.3 Court Fines and Stamp Duty

(a) Court Fines

Audit Observation

The court fine due from the Chief Secretary of the Provincial Council and other authorities as at 31 December 2019 was Rs.695,147.

Recommendation

Court fines should be identified and action should be taken to recover it expeditiously.

Comment of the Accounting Officer

Necessary arrangements are being made to collect court fines.

(b) Stamp Duty

Audit Observation

Recommendation

Comment of the Accounting Officer

The stamp duty due from the Chief Secretary of the Provincial Council and other authorities as at 31 December 2019 was Rs. 401,000.

Action should be taken to recover the outstanding Stamp duty revenue expeditiously.

A hypothetical value has been taken for the year 2019 and action will be taken to find out the true value and recover it.

3. Operating Review

3.1 Performance

Matters revealed in the regulation, control and administration of all matters relating to public health, public utility services and public thoroughfares and generally with the protection and promotion of the comfort, convenience and welfare of the people in terms of Section 3 of the Pradeshiya Sabhas Act, are as follows.

(a) By-laws

Audit Observation

Recommendation

Comment of the Accounting Officer

By-laws had not been imposed under Section 126 of the Pradeshiya Sabha Act to perform 28 key functions.

By-laws should be imposed .

The generally imposed by-laws have been adopted to accomplish 28 key functions.

(b) Action Plan

Audit Observation

Recommendation

Comment of the Accounting Officer

The Sabha had not prepared an Annual Action Plan for the tasks to be performed by the Sabha.

The Sabha should prepare an Action Plan for the duties and functions to be performed by the Sabha.

Action will be taken accordingly in the future.

(c) Sustainable Development Goals

Audit Observation

Recommendation

Comment of the Accounting Officer

The action taken by the Sabha on the United Nations Sustainable Development Goals 2030 Agenda had not been presented for audit.

Circular instructions should be followed.

It is expected to study relevant circulars and implemented activities in the future.

3.2 Transactions of Contentious Nature

Audit Observation

Recommendation

Comment of the Accounting Officer

The value of fixed assets belonging to the Sabha amounting to Rs. 109,033,257 as at January 01 of the year under review had been stated as Rs. 393,877,929 in the financial statements based on an assessment made by a committee appointed by the Sabha. Accordingly, value of the fixed assets had increased by 361per cent.

Property valuation should be done by officers with expert knowledge.

The value has increased by this amount as the assets not taken as the fixed assets in the financial statements have been assessed at the current market value.

3.3 Assets Management

3.3.1 Idle/ Underutilized Assets

Audit Observation

Recommendation

Comment of the Accounting Officer

Assets worth Rs.1,620,000 remained idle for a period of 02 to 05 years.

Action should be taken to repair and reuse the usable assets and disposed of the other assets.

Action will be taken to repair the cab bearing number LE-7506 and use or return the RD-9451 tractor and lease or auction off other idle assets.

4. Accountability and Good Governance

Internal Audit

Audit Observation

Recommendation

Comment of the Accounting
Officer

A directly responsible Internal Audit Officer had not been appointed as per paragraph 06 of Circular No. 04/2015 dated 18 March 2015 of the North Central Local Government Commissioner.

Circular instructions should be followed.

An Internal Audit Officer has been appointed and the audit has been delayed due to staff vacancies.