

Thirappane 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 13 March 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 22 July 2020 and 04 September 2020 respectively.

1.2 Qualified Opinion

In my opinion, except for the effect of the matters described in paragraph “Basis for qualified Opinion” of this report, the financial statements give a true and fair view of the financial position of the Thirappane Pradeshiya Sabha as at 31 December 2019 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 -----	Comment of the Accounting Officer -----
(i) Expenditure of Rs. 220,480 paid in the year 2020 for the year under review had not been stated in the financial statements.	All expenditure pertaining to the year under review should be accounted for.	Action will be taken to correct the error.
(ii) The value of the 07 items of assets used by the Sabha the value of which had not been disclosed was not stated in the financial statements.	Value should be identified and brought to account.	Action will be taken to correct it.

(b) Unreconciled Accounts

Audit Observation	Recommendation	Comment of the Accounting Officer
(i) Although the value of the industrial debtors as at 31 December of the year under review was Rs. 36,642,858, it was Rs.37,434,887 as per the balance sheet, thus resulting in a difference of Rs.792,029.	Documents should be balanced and compared when preparing accounts.	Action will be taken to make corrections.
(ii) Although the value of industrial creditors as at 31 December of the year under review was Rs. 38,387,891, it was Rs. 38,630,296 according to the balance sheet, thus resulting in a difference of Rs. 242,405.	Documents should be balanced and compared when preparing accounts.	Action will be taken to make corrections.

(c) Accounts Receivable and Payable

(i) Accounts Receivable

Audit Observation	Recommendation	Comment of the Accounting Officer
Six receivable balances of Rs. 830,966 continued to exist for a period of 04 to 05 years had not been recovered.	Action should be taken to settle these balances.	No evidence could be found. Advice will be sought from the Local Government Department and thereby correction will be made.

(ii) Accounts Payable

Audit Observation	Recommendation	Comment of the Accounting Officer
No action had been taken to settle two payable balances amounting to Rs. 238,217 that continued to exist for a period of 04 to 05 years.	Action should be taken to settle these balances.	Not commented.

(d) Lack of Documentary Evidence for Audit

Audit Observation	Recommendation	Comment of the Accounting Officer
(i) Acceptable evidence had not been presented in respect of 12 items of accounts valued at Rs.72,422,421.	Evidence confirming the account balance shown in the financial statements should be submitted.	Agree
(ii) Confirmation information regarding the arrears stall rent of Rs. 593,409 written off to the Accumulated Fund in this year through the journal entries relating to the overbilling of the year 2016 had not been presented.	Evidence confirming the relevant account balance should be submitted.	Detailed schedules cannot be not found.
(iii) The physical existence of machinery worth Rs.1,129,950, motor vehicles and carts worth Rs.1,077,400, furniture and fittings worth Rs. 418,939 and land and buildings worth Rs.68,764,403 stated in the financial statements for the year under review had not been confirmed.	Relevant details should be identified and accounted for.	Detailed schedules cannot be not found

1.4 Non-compliance

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

Reference to Laws, Rules, Regulations and Management Decisions	Non-compliance	Recommendation	Comment of the Accounting Officer
(a) Sub-section 16 (2) of the Audit Act No. 19 of 2018	Performance Report for the year under review had not been presented.	Performance Report should be presented.	The functions performed have been indicated in the account.

2.2.2 Court Fines and Stamp Duty

Audit Observation

The court fine and the stamp duty and the stamp duty due from the Chief Secretary of the Provincial Council and other authorities as at 31 December 2019 was Rs. 1,141,333 and Rs. 1,779,650.

Recommendation

Action should be taken to recover the relevant arrears.

Comment of the Accounting Officer

Action will be taken to recover the arrears on the schedules received from the Provincial Revenue Department.

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

Although by-laws should be enacted under Section 126 of the Pradeshiya Sabha Act to perform 28 main functions, by-laws had not been enacted as at 31 December 2019.

Recommendation

Action should be taken to enact by-laws.

Comment of the Accounting Officer

Activities are carried out by adopting 42 by-laws mentioned in the Extraordinary Gazette Notification No. 520/02 dated 23.08.1988, 10 by-laws published in the Extraordinary Gazette No. 7.1717 dated 21.03.2001 and the Extraordinary Gazette No. 1 of 2022/32 dated 09.06.2017 and 42 by-laws published in the Extraordinary Gazette Notification No. 1960 / 35 dated 15.02.2019.

(b) Sustainable Development Goals

Audit Observation

The Sabha was aware of the 2030 Agenda on Sustainable Development Goals, whereas it had not formulated and implemented programmes to achieve the objectives.

Recommendation

Sustainable development goals and objectives need to be established and implemented.

Comment of the Accounting Officer

The Sabha was aware of the 2030 Agenda for Sustainable Development Goals and will implement programmes to achieve the objectives.

3.2 Management Inefficiencies

Audit Observation

License fees from the hotels, restaurants or lodges registered under the Tourism Development Act had not been recovered for the period from 2017 to 2019.

Recommendation

Action should be taken to recover the license fees due.

Comment of the Accounting Officer

Action will be taken to calculate and recover the tax amount.

3.3 Assets Management

3.3.1 Non-acquisition of assets

Audit Observation

No action had been taken to take over the ownership of the vehicle worth Rs.1,000,000 which was used by the Pradeshiya Sabha.

Recommendation

Action should be take to take over the relevant vehicles.

Comment of the Accounting Officer

The preliminary work required for acquisition of the Cab 252 -6495 worth Rs.1000,000 has been done.

3.3.2 Idle and Underutilized Assets

Audit Observation

No action had been taken to repair, use or dispose of 06 dysfunctional vehicles parked at the Sabha premises.

Recommendation

Repairs or disposal should be carried out in terms of the Circular.

Comment of the Accounting Officer

The tractor bearing No.270-3339 will be handed over to the Chief Secretary on the recommendation of a mechanical engineer as the tractor is unusable and action will also be taken as per the recommendations of the Board of Survey on the GI - 0107 - motorcycle and lawn mower. JF-8666-three-wheeler needs major repairs and is difficult to incur a high cost thereon.

3.3.3 Contract Administration

Audit Observation

Recommendation

Comment of the Accounting
Officer

The development of the Halmillakulama road, which was estimated at Rs. 979,327 in the budget for the year under review, had not been completed.

It is the responsibility of the Sabha to carry out the relevant projects.

The project could not be implemented as no contractual society accepted the works to implement the project by the end of the project period.

04. Accountability and Good Governance

Internal Audit

Audit Observation

Recommendation

Comment of the Accounting
Officer

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

Action should be taken in accordance with the Circular.

Instructed The relevant subject officer was instructed to prepare internal audit reports in future.