

**Uvapanagama Pradeshiya Sabha  
Badulla District**

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**1. Financial Statements**

**1.1 Presentation of the Financial Statements**

The Financial Statements of the year 2019 had been presented to the audit on 26 February 2020, the summary report of the Auditor General on those financial statements and the detailed management report had been forwarded to the chairman on 17 July 2020 and 24 July 2020 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 Uvapanagama 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**

<b>Audit observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
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(i) Land & Building amounting to Rs. 30,935,413 had not been stated in the financial statements as at 31 December of the year under review.	It should be accounted correctly.	Action will be taken to capitalize when preparing the financial statements of 2020.
(ii) A stock of interlocking blocks amounting to Rs. 5,470,180 that had not been physically existed had been stated in the financial statements.	It should be accounted correctly.	Action will be taken to implement the recommendations in accordance with the written instructions of the commissioner of Local Government.
(iii) Although the court fine receivables as at 31 December of the year under review had been Rs. 10,800,000, It had been stated as Rs. 7,681,502 in the financial statements.	It should be accounted correctly.	It will be corrected when preparing the financial statements of the year 2020.

## 1.4 Non compliance

### Non compliance with laws, rules, regulations and management decisions.

<b>Reference to laws, rules regulations and management decisions</b>	<b>Non compliance</b>	<b>Recomme ndation</b>	<b>Comments of the Accounting Officer</b>
(a) <u>Pradeshiya sabha Regulations(Finance and Administration) 1988 Regulation 114</u>	Advances amounting to Rs. 340,905 paid by the Sabha on 05 occasions had not been recovered over 09 years.	Advances should be recovered.	It has been sent to the commissioner of Local Government to remove the completed contract advance amount from the books, since some contracts had been completed.
(b) <u>Financial Regulations of the Democratic Socialist Republic of Sri Lanka</u>	Financial Regulation 571 (3)	41 deposits amounting to Rs. 326,562 that had elapsed more than 2 years had not been settled.	Lapsed deposits should be settled. Action will be taken to settle these deposits in the year 2020.

## 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 2019 has been Rs. 12,356,170 as compared with the excess of revenue over recurrent expenditure of the preceding year amounting to Rs. 13,487,108.

### 2.2 Revenue Administration

#### 2.2.1 Estimated Revenue, Revenue Billed, Revenue Collected and Arrears of Revenue

Presented information relating to the estimated revenue, revenue billed, revenue collected and the arrears of revenue for the year under review and the preceding year are as follows.

Source of Revenue	Estimated Revenue	2019			2018			Arrears as at 31December
		Revenue Billed	Revenue collected	Arrears as at 31December	Estimated Revenue	Revenue Billed	Revenue collected	
I Rates and Taxes	2,719,540	2,882,453	2,363,420	827,215	2,519,540	2,910,964	2,242,372	668,592
II Rent	875,000	1,008,535	898,054	262,983	1,289,000	1,293,844	938,913	354,931
III License Fees	1,100,000	1,100,000	1,176,525	-	965,000	-	-	-
IV Other Revenue	1,253,000	2,733,896	2,391,310	380,275	9,80,000	9,907,318	3,254,805	6,652,513
Total	5,947,540	7,724,884	6,829,309	1,470,473	4,773,540	14,112,126	6,436,090	7,676,036

## 2.2.2 Performance in Revenue Collection

Audit observation	Recommendation	Comments of the Accounting Officer
Arrears of other income amounting to Rs. 30,800,713 that had elapsed more than 03 years had not been recovered.	Arrears of revenue should be recovered.	Action will be taken to recover arrears in this year.

## 2.2.3 Court Fines and Stamp Fees

Audit observation	Recommendation	Comments of the Accounting Officer
Arrears of Court fines amounting to Rs. 7,681,502 and arrears of Stamp fees amounting to Rs.7,000,000 due as at 31 December of the year under review had not been recovered.	Arrears of Court fines and arrears of Stamp fees should be recovered.	Requests have been made to Provincial Council through the commissioner of Local Government. Rs.1,500,000 has been already received.

## 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 and welfare.

#### (a) Action Plan

Audit observation	Recommendation	Comments of the Accounting Officer
Action plan had not been prepared for the year under review.	Action plan should be prepared.	Subject office has been instructed to prepare for the next year.

**(b) Sustainable Development Goals**

<b>Audit observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
----- Although there was awareness with regard to “Sustainable Development Agenda -2030” of the United nations, Indexes for measuring sustainable objectives and goals which could be applied to the Sabha had not been identified.	----- Indexes for measuring sustainable objectives and goals should be identified, and progress in reaching those should be measured accordingly.	----- Action will be taken to provide sanitary facilities to people who do not have those facilities

**3.2 Management Inefficiencies**

<b>Audit observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
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(a) 32 shop rental agreements out of 82 rented shops had not been updated, although agreements had been expired 1 to 9 years ago. Also arrears of rents amounting to Rs. 195,069 had not been recovered.	Agreements should be updated on time.	Agreements of 20 shops have been already updated, and Rs. 166,047 of receivable amount has been recovered. Action will be taken to recover the arrears and update the agreements.
(b) Creditors amounting to Rs. 19,060,269 that had elapsed more than 03 years had not been settled.	Payable balances should be settled.	Rs. 4,540,891 has been already settled.

**3.3 Annual Procurement Plan**

<b>Audit observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
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A Procurement plan had not been prepared for the year under review.	A Procurement plan should be prepared for the year under review.	Subject officer has been instructed to prepare for the next year.

### **3.4 Human Resource Management**

<b>Audit observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
----- As at 31 December of the year under review, there were 12 excess employees in 4 positions and 2 vacancies in 2 positions.	----- The staff should be formalized.	----- It has been sent to the management service department to approve the excess positions. The commissioner of local government has been informed about the vacancies.

### **3.5 Annual Survey of Stores**

<b>Audit observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
----- Action had not been taken regarding deficiency of 498 library books worth of Rs. 61,614 that had not been presented to the survey as per the report of the board of survey of preceding year.	----- Action should be taken in accordance with Financial Regulations.	----- Action will be taken after discussing in the Audit and management committee meeting.

## **4 Accountability and Good Governanc**

### **4.1 Audit and Management Committee**

<b>Audit observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
----- Only 02 Audit and Management Committee meetings had been held in the year under review.	----- Audit and Management Committee meetings should be held at least once in a quarter.	----- Dates for Audit and Management Committee meetings have been requested from the Commissioner of Local Government.