

## Narammala Pradeshiya Sabha

### Kurunegala District

#### 1. Financial Statements

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##### 1.1 Submission of Financial Statements

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The financial statements for the year 2019 had been presented to audit on 30 March 2020 and the Summary Report of the Auditor General on those financial statements on 16 June 2020 and Detailed Management Audit Report on 22 July 2020 have been sent to the Chairman.

##### 1.2 Qualified Opinion

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In my opinion except for the impact of the facts described in the section of the basis for the qualified opinion of this report the financial statements give a true and fair view of the financial position of the Narammala 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

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	<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
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(a)	Lands valued at Rs.953,900, land at Nagolla Estate- Medagoda and 07 buildings had been omitted from the accounts.	Actions should be taken to account for.	It is informed that actions will be taken to include it in the preparation of the final account 2020 .
(b)	Since the value of 03 lands amounting to Rs.5,500,000 had been shown as Rs. 550,000, the value of lands and buildings had been understated by Rs. 4,950,000 in the final accounts.	Actions should be taken to account for accurately.	It is informed that the actions will be taken to correct the final accounts in the year 2020.

(c)	There was a difference of Rs. 3,301,357 in between the balances of the accounting items shown in the financial statements at the end of the year under review and the balances shown in the relevant schedules.	Actions should be taken to correct the accounts by comparing the changes in the relevant balances.	Actions will be taken to correct the financial statements and schedules in future.
(d)	The Register of Fixed Assets for an account item valued at Rs.8,677,904 had not been submitted for audit.	Arrangements should be made to submit documents related to the account balances shown in the financial statements.	Comments had not been given.

#### 1.4 Non-compliance

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

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Instances of Non-compliances with Laws, Rules, Regulations and Management Decisions are as follows.

References to Laws, Rules, Regulations and Management Decisions	Value	Non-compliance	Recommendation	Comments of the Accounting Officer
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(a) 1988 Pradeshiya Sabha (Finance and Administration) Rules 201	1,150,532	Purchases were made from one of the selected companies without common competition.	Actions should be taken to purchase quality goods in a manner that is advantageous to the Sabha Fund in accordance with the laws, rules, and regulations.	It is informed that the purchases will be made at common competitive prices in future .

**(b) Other Circulars**

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Circular No. 1980/46  
of the Commissioner  
of Local Government  
dated 31 December  
1980

Eleven stalls belonging to the Dambadeniya sub-office had been leased out for a long period of time every five years or without a rent assessment.

Actions should be taken in accordance with the circular provisions.  
It is informed that the shops belonging to the Dambadeniya Sub-office were renovated last year and to be referred to the Valuation Department for a new assessment.

**02. Financial Review**

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**2.1 Financial Results**

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The income over the recurrent expenditure of the Sabha for the year ended 31 December 2019 was Rs.18,948,783 and the corresponding income over the recurrent expenditure of the preceding year was Rs.25,146,518 as per the financial statements presented.

**2.2 Revenue Administration**

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

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The information on estimated income, billed income, collected income and arrears income submitted pertaining to the year under review and the preceding year are shown below.

Source of Income	Year 2019				Year 2018			
	Estimated Income	Billed Income	Income Collected	Total arrears as at 31December	Estimate d Income	Billed Income	Income Collected	Total Arrears as of 31 December
	Rs. 000	Rs.000	Rs.000	Rs. 000	Rs. 000	Rs.000	Rs. 000	Rs. 000
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I. Rates and Taxes	12,056	13,023	12,123	3,016	8,443	12,536	12,022	2,402

II. Lease Rent	25,405	26,216	24,574	194	25,430	24,227	24,166	145
III. License Fees	1,328	822	822	-	1,311	1,013	1,013	-
IV. Other Income	85,095	87,999	89,690	41,006	75,841	80,785	116,734	32,465
<b>Total</b>	<u>123,884</u>	<u>128,059</u>	<u>127,209</u>	<u>44,216</u>	<u>111,025</u>	<u>118,561</u>	<u>153,935</u>	<u>35,012</u>

## 2.2.2 Rates and Taxes

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### Audit Observation

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Out of the amount of Rs. 3,015,711 receivable as at 31 December of the year under review, a sum of Rs.2,419,387 was in due as at 30 April 2020 furthermore.

### Recommendation

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Actions should be taken to recover the income relevant to the year in accordance with the Act and the Rules and to recover the arrears as well.

### Comments of the Accounting Officer

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It is kindly informed that the actions will be taken to recover the remaining arrears promptly.

## 2.2.3 Lease Rent

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### Audit Observation

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Although the lessee was not allowed to sell, transfer or sub-lease the possession as per the agreement signed regarding the rent of the shops, 02 shops in the Narammala shopping complex and 05 shops in the new Narammala shopping complex had been leased out.

### Recommendation

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Actions should be taken in accordance with the agreement and the circular provisions of the Local Government Commissioner (North Western) regarding the leasing of stalls.

### Comments of the Accounting Officer

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It is informed that the arrangements will be made to take necessary actions checking whether the sub- leases have been made by the lease holders.

## 2.2.4 Court Fines and Stamp Fees

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
The court fines and the stamp fees receivable as at 31 December 2019 were Rs.3,353,470 and Rs.29,829,010 respectively.	Action should be taken to recover arrears court fines and stamp fees .	It is informed that a sum of Rs.2,437,706 from court fines and Rs. 12,885,716 from stamp fees have been received.

## 03. Operating Review

### 3.1 Performance

The matters revealed in respect of executing of functions that should have been performed by the Sabha such as regulation, control, wellbeing of the public, facility and welfare regarding the matters public health, public utility services and public roads under Section 3 of the Pradeshiya Sabha Act are as follows.

#### Failure to Obtain the Desired Output Levels

<b>Audit Observations</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
Although two years had passed since the installation of a water motor for the Kivulgalle Dummalewatta Water Project, the people of the area were not be able to obtain water. Even though the water could be supplied to the water storage tank from the pumping station, it was due to a broken and blocked pipe in the water supply.	Actions should be taken to provide the expected benefits.	Estimates for plumbing (274 m distance) under the Strengthening Pradeshiya Sabha Programme 2020 have been prepared and submitted for the approval and it is informed that the actions will be taken to restore as soon as the approval is received.

### 3.2 Management Inefficiencies

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Audit Observations	Recommendation	Comments of the Accounting Officer
(a) Out of the account balances receivable as at 31 December 2019 amounted to Rs.54,322,570, the balance exceeding for more than one year was Rs.1,507,707 .	Actions should be taken to recover further arrears.	It is kindly informed that a sum of Rs.1,377,997 has been recovered from the balances receivable amounting to Rs.1,507,707 over a period of one year.
(b) Out of the account balance payable as at 31 December 2019, the balance remained for more than one year was Rs.8,329,138 .	Actions should be taken to settle the balance that needs to be settled furthermore.	A sum of Rs.10,076,016.78 has been recovered so far out of the balances payable amounting to Rs.31,112,339 as at 31 December 2019 and actions have been taken to pay a sum of Rs.2,687,460 out of the balance of Rs. 8,329,138 over a period of one year.

### 3.3 Human Resource Management

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#### 3.3.1 Vacancies and Excesses

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Audit Observation	Recommendation	Comments of the Accounting Officer
(a) There were 04 vacancies in the secondary sector, 08 vacancies in the primary sector and 12 excesses which were confirmed under Public Administration Circular 25/2014 but had	Actions should be taken to fill the essential vacancies and to formalize the excesses.	It is informed that the summary information mentioned under the vacancies and excesses are accurate.

not been approved by the Department of Management Services. Fifteen officers and employees recruited on casual/contract basis had also been recruited in excess of the approved staff.

(b) Five employees recruited under Public Administration Circular 25/2014 had been deployed in office activities without being attached to the posts and relevant duties.

Measures should be taken to maintain the public service by delegating duties relevant to each post.

These employees who were recruited under Public Administration Circular 20/2014 have been deployed due to the service requirement of the institution and the existence of officer vacancies.

**3.4 Assets Management**  
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**3.4.1 Non-acquired Assets**  
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**Audit Observations**  
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Arrangements had not been made to take over the land on which the Delikanuanga Maternity Clinic Center is located.

**Recommendation**  
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Actions should be taken to take over non-acquired assets.

**Comments of the Accounting Officer**  
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It is stated that the actions are being taken to act with relevant institutions for the process of taking over land in which the Dalikanuga Maternity Clinic Center is located by the name of the Sabha.

### 3.5 Procurement

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#### 3.5.1 Contract Administration

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<b>Audit Observations</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
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(a) The stones had come out and pits had formed in an area of 4.38 square meters in 8 places measuring 3x.15, 1x.3, 4.3x.3, 3 (1 + .5) meters on the tarred road in Narammala Sisira Mawatha, which has the value of the work done amounted to Rs.321,042 .	Actions should be taken to carry out a proper supervision on industries and to rectify the shortcomings.	I kindly inform you that steps will be taken to repair the damaged areas.
(b) In the Polgasyaya road which was with the value of the work done amounted to Rs.688,987, about 16.26 square meters had been damaged in 15 places on both sides and in the middle of the road and stones were coming out at the time of the physical inspection. The information relating to the Estimate of the relevant industry, Bill of Quantity, value of work done, material usage, relevant industry had not been submitted for audit.	Existing deficiencies should be rectified and files of the industries should kept up to date.	It is informed that the actions will be taken to properly repair the damages happened to about 15 places in this road.
(c) The value of the work done is Rs.2,501,169 Narammala Mayurapada School and Temple Mawatha Reconstruction Industry 6.3 m (.8 + .3 / 2) of the temple road was damaged and stones were removed. The bank area of about 6X.3 meters was broken and the rocks were removed. The first and second bitumen coatings for these two roads cost Rs. 757,540 had been spent, but the road had not been properly tarred.	Industry should be properly monitored and shortcomings should be rectified.	It is kindly informed that the broken parts will be repaired properly. Likewise, it is also informed that the actions will be taken to prevent the tar from scattering during the second coating of the temple road and to repair it properly.



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| <p>(d) Even though it was mentioned that 4,076.40 liters of tar valued at Rs.627,148 was applied on three occasions under Item No. 01, 05 and 08 of the Sirigala Road Reconstruction Industry, the surface of the road had not been properly tarred.</p>   | <p>A proper supervision should be carried out in respect of the Industry and relevant records should be maintained.</p> | <p>As a result of the base coating did not stick firmly to the concrete in some places (due to not removing mud or dust well) in some places the tar was not properly dispersed. Actions will be taken to rearrange those places.</p> |
| <p>(e) Although a sum of Rs.235,746 had been paid for the for the netting works around the Moragolla Community Hall, applying of 37mm 31x3x angle steel to the main outer frame which did not conform to the estimate, fixing flat iron to the gap of 700, 800 mm. instead of the 600 mm. gap, not applying two 20x5mm. flat iron bars to the 100mm. gap in the middle of the net, there was a gap of 80mm. , 90mm. instead of 75mm. of the fixed net and anticorrosive paints had not been applied.</p> | <p>The supervisions should be carried out in respect of the relevant industries as per the estimates.</p>               | <p>The shortcomings of the industry is accepted actions will be taken to correct them.</p>  |
| <p>(f) A sum of Rs.265,726 had been paid as Rs.15,817 per each for 16.80 cubic meter of concrete curb to be applied from the 1: 2: 4 mixture under work item No. 04 of the Industry of constructing the Walking Lane. Dambadeniya Shantha Bandara Stadium. During the physical test, there wasn't the required height of 225 mm. in 04 places and the width of many places was 100,112 .</p>   | <p>The supervisions should be carried out in respect of the relevant industries as per the estimates.</p>               | <p>It is kindly informed that the actions will be taken to process them to the required size.</p>   |