

Ambangangakorale Pradeshiya Sabhawa
Mathale District

1 **Finacail Statements**

1.1 **Presentation of Financial Statement**

Financial Statements for the year 2017, had been presented to audit on 29 March 2018 and the Auditor General's Report on the financial statement had been sent to the Chairman on 28 June 2018.

1.2 **Qualified Opinion**

In my opinion, except for the effects of the matters described in paragraph 1.3 of this report, the financial statements gave a true and fair view of the financial position of the Ambangangakorale Pradeshiya Sabha as at 31 December 2017 and its financial performance for the year then ended in accordance with generally accepted accounting principles.

1.3 **Comments on Financial Statements**

1.3.1 **Accounting Deficiencies**

Investments of employees gurantee of Rs,53,469 had been shown under the debtors insted of being shown under the investments thus the debtor balance had been overstated and investments had been understated by the same amount.

1.3.2 **Accounts receivable and payable**

a) **Accounts receivable**

The total of 7 receivable accounts as at the end of the year under review was Rs. 3,945,160 and according to the age analysis presented a balance of Rs.137,871 remained unsettled over a period more than 3 years had included in it.

b) **Accounts Payable**

The following observations were made

- (i) The total of 8 payable balances of creditors accounts as at the end of the year under review was Rs. 2,636,726 and according to the age analysis presented balances of Rs.1,531,401 remained unsettled over a period more than 3 years had included in it.

- (ii) Amount of contribution of Rs.813,670 which should be sent to the Local Government Pension Fund had been remained as at the end of the year under review and a balance of Rs.626,974 brought forward more than a period of 8 years had included in it.

1.3.3 Lack of Written Evidence for Audit

Information not being presented to Audit

Five items of accounts aggregating Rs. 3,839,413 could not be satisfactorily verified due to non-availability of necessary information.

1.3.4 Non - Compliances

Non- compliances with Laws Rules Regulations and Management Decisions

Instances of non-compliance with laws rules regulations and management decisions are given below

Reference to Laws, Rules, Regulations and management decisions	Non - Compliance
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a) Pradeshiya Sabha Rules of 1988 (Financial and Administration) Rule 197 and 199	The secretary had not mentioned his signature in the consumer stock register after checking at the end of each month and number and date of the voucher which had been made the payment for good had not been mentioned against an each entry in the side of posting receiving.
b) Public Administration Circular No.30/2016 dated 29 December 2016	Fuel consumption of 03 vehicles belonged to the Sabha had not been tested.

2. Financial Review

2.1 Financial Results

According to the financial statements presented, the revenue of the sabha for the year ended 31 December 2017 in excess of , the recurrent expenditure was Rs.2,541,806 whilst the corresponding revenue in excess of recurrent expenditure of the previous year was Rs.990,615.

2.2 Revenue Administration

2.2.1 Estimated Revenue, Bill amount of Revenue, collected Revenue Actual Revenue and Outstanding Revenue

Details relating to the estimated revenue, bill amount of revenue, collected revenue and outstanding revenue presented for the year under review and the previous year are given below.

Source of Income	2017				2016			
	Estimated Revenue	Bill amount of Revenue	Collected Revenue	Total outstanding as at 31 December	Estimated Revenue	bill amount of Revenue	Collected Revenue	Total outstanding as at 31 December
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
i Rent	13,000	96,600	90,655	24,590	160,000	142,400	123,755	19,045
ii Licences Fees	36,000	298,600	298,600	-	250,000	245,280	245,280	-
iii Other Revenue	471,600	-	2,128,520	-	4,374,500	-	2,516,498	-

2.2.1 Acreage Tax

An outstanding balance of Rs. 47,933 had remained as at 31 December of the year under review. An outstanding balance remained more than 2 years amounting to Rs. 38,271 which should be received from 65 individuals had included in it.

2.2.2 Rent

An outstanding balance of Rs. 31,550 had remained as at 31 December of the year under review. Actions had not been taken to recover the receivable amount of Rs. 23,850 from Gurubavila No. 1 stall as at 31 December 2017 even up to 17 January 2018.

2.2.3 Water Charges

The outstanding revenue of water charges of 7 water supply schemes belonged to the Sabha as a 31 December 2017 was Rs.454,748 and a balance remained more than 2 years amounting to Rs. 31,395 which should be received from 26 customers had included in it.

2.2.4 Court Fines and Stamp Fees

The receivable amount of Court Fines and Stamp Fees from the chief secretary to the provincial council and other officers as at 31 December of the year under review was Rs.60,750 and Rs.3,043,550 respectively.

2.3 Surcharges

A sum of Rs.4,108 should be recovered as at 31 December of the year under review relating to the surcharges enacted by me against to responsible persons as per the terms of the pradesheya sabha Act.

3. Operating Review

3.1 Performance

The following observations are made in respect of duties which should be fulfilled by the sabha relating to formulate and administrate public health, common utility services and common roads, people's cordiality, convenience and welfare.

a) Functions not being performed

- (i) Although it had been planned in the budget for the year 2017 to improve common utility services of the general public living in the area by fixing street lights in the places where necessary, installing shelters for passengers waiting for busses, formulating cemeteries and buildings therein, improving water facilities or drinking water, those functions had not been performed.
- (ii) Development activities of 11 roads and 4 buildings at the estimated value of Rs.15, 000,000 and 7,200,000 respectively which had been identified to be implemented in the area according to the development plan prepared for the year 2017 had not been implemented during the year under review.

b) Non achieving of Expected Production Level

Under the Programme for strengthen Pradeshiya Sabah implemented by the Ministry of Provincial Council and Local Government, it had been proposed to complete the balance work of the project for supplying water to 5 divisions through construction of a well connected to the Kaluganga Water Project before 11 December 2017 , approving a sum of Rs. 23,161,262 on 11 September 2017. However it could not be implemented due to non-availability of sufficient time period as he provisions being approved in a delay.

Further the well and the pipe house constructed in the year 2016 incurring a sum of Rs. 1,689,451 under the provision for Provincial Specific Development Grant Community Water Project had remained idle over a period more than a year.

c) Sustainable Development Goals

The Sabha had not aware of the 2030 Agenda for Sustainable Development Goals properly. Hence the long term plans for improving livelihood and health of the general public of the jurisdiction of the Sabha through global indicators of such goals had not been prepared even up to 8 June 2018.

3.2 Management inefficiencies

The following observations are made

- a) Although the sabha should act in its own jurisdiction as the general administration authority of germination and securing of public health, testing of sample of water in a proper way for competeness of water of 8 water projects which had been commenced during the period rom the year 2002 to the year 2017 for supplying water for 550 beneficent fammilies had not been carried out at any instance.
- b) Actions had not been taken to identify and settle or take to the revenue the information relating to 11 deposit balances valued a Rs. 311,833 which had been brought forward since the years 2009 and 2010 shown in the deposit schedule presented along with the final account.

3.3 Human Resources Management

Remaining 12 vacancies of 8 approved posts for the Sabha for a long period of time had affected to limit the service which should be supplied to the general public by the Sabha

3.4 Operating Inefficiencies

The following observations were made.

- a) Only the applications received for trade license had been taken in to registers without being carried out a survey in respect of all enterprises in the jurisdiction of the Sabha during the year 2017.
- b) Trade license for the year 2017 had not been obtained by 15 enterprises which had been obtained trade license in the year 2016. However actions had not been taken to identify whether those enterprises had been closed or carrying out business without obtaining trade license.

3.5 Assets Management

3.5.1 Assets not being assured

According to the survey of assets carried out by the Sabha in the year 2016, information relating to 4 cemeteries could not be identified and extent of lands could not be identified properly due to non-availability of proper boundaries or fences and deeds not being prepared through surveys.

3.5.2 Assets not being Registered

Roads belonged to the Sabha had been published in gazette finally on 22 March 1996 and road registers had not been updated.

3.5.3 Assets not transferred

Actions had not been taken to transfer the ownership of 5 vehicles using by the Sabha for a long time and to register in the name of the Sabha.

3.5.4 Idle and Underutilized assets

The following observations are made

- a) An electric generator and 6 vehicles belong to the Sabha had remained idle.
- b) Puranaguma conference hall had been rented out in one time in the year 2017 and almost a sum of Rs. 3, 000 had been earned as revenue and it had remained idle throughout the whole year.
- c) Two trade stalls belonged to the Sabha had been kept closed since the year 2016.

3.6 Procurement

Procurement Plan

According to the Government Procurement Guideline 4.2.1 and 4.2.2, a master procurement plan, a detailed procurement plan including civil works and goods and other services and procurement timetable had not been prepared.

4. Accountability and Good Governance

4.1 Budgetary Control

Details are given below.

- a) Any income had not been recovered from the estimated revenue of Rs.67,000 relating to 9 revenue items
- b) variations in a range from 30 percent to 98 percent were observed between the net provision and the actual revenue relating to 10 revenue items.
- c) Any expenditure had not been incurred and the full provision had been saved out of the provision of Rs.400,000 made for 16 expenditure items.

- d) After transferring budgeted provision made for 21 expenditure items to other expenditure heads, provisions in a range of 33 per cent to 96 per cent had been saved out of the net provision.

4.2 Implementation of Audit and Management Committees

Although audit and Management committees had been held according to the letter of the commissioner of the Local Government No.CPC/CLG/1/9/1/4 dated 08 August 2014, there were instances of nonutilizing the committee decisions effectively for rectifying defficiencies of the institute.

5. Systems and Controls

Defficiencies observed in the course of audit were brought to the notice of the Sabha from time to time and Special attention is needed in respect of the following areas of control.

System -----	Deficiency -----
Human Resources Management	Vacancies in approved posts
Asset Management	(i) Assets being idle and underutilized. (ii) Ownership of assets not being confirmed
Budgetary Control	(i)Provisions not being utilized. (ii)Revenue targets not being achieved.