

**Kothmale pradeshiya Sabha**  
**Nuwara Eliya District**  
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1. Financial Statements  
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1.1 Presentation of The Financial Statements  
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The financial statements of the year 2018 had been presented to the audit on the 06 of May 2019 and the summary report of the Auditor General and the descriptive management report regarding the financial statements had been presented to the chairman on 29 th May 2019.

1.2 The Qualified Opinion  
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I am in an opinion that, except the effect on the financial statements of the matters referred under the paragraph of the basis for a qualified opinion in this report, the financial statements had been prepared in accordance with generally accepted accounting principles and give a true and fair view of the state of affairs of the Kothmale pradeshiya Sabha as at 31 December 2018 and financial results of its operations for the year then ended.

1.3 The basis for a Qualified opinion  
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(A) Accounting deficiencies  
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Audit observation -----	Recommendation -----	Accounting Officer's Commentary -----
(i) It had not been accounted the value of 03 computers and a photo copy machine that had received as donations to the Sabha by recognizing the value of them.	It should be accounted by valuation.	Accounting by verifying the present market value.
(ii) The value of a cab included in schedule of motor vehicle and carts had not been accounted by recognizing the value.	It should be accounted by recognizing the value.	A valuation will be obtained after repairing and taking actions to accounting.
(iii) Balances amounting to Rs. 162,310 requiring deductions due to incorrect billing had been included in the balance Income for the year ended 31 December of the year under review.	Taking action to remove false billing from the books	It will be Corrected in 2019.

(B) Un- Reconciled Accounts

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Audit observation

Recommendation

Accounting Officer's  
Commentary  
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It had been observed a difference of Rs. 17,831 when comparing The value of the three account balances shown in the financial statements prepared as at 31 December of the year under review with the supporting documents relating to those balances

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Compare the changes in the relevant balances and correct the accounts.

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That it will be corrected in future.

(C) Lack of written evidence required for the audit

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Audit observation

Recommendation

Accounting Officer's  
Commentary  
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The value of Rs.72,285,221 of lands and buildings could not be verified as the title deeds of land and buildings were not submitted to audit.

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Actions should be taken to obtain title deed.

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Actions are taking to obtain title deed.

(D) Accounts Receivable and Accounts Payable

(i) Accounts Receivable

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Audit observation

Recommendation

Accounting Officer's  
Commentary  
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The balance of the two accounts which remained to be received for more than one year as at 31 December of the year under review was Rs. 8,121,916.

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To collect the balance of the receivable balance and if there any false balance, taking actions by investing to settlement.

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Action to be taken in the future to recovery.

(ii) Accounts Payable

Audit observation	Recommendation	Accounting Officer's Commentary
The total of two payable balances elapsed more than one year as at 31 December of the year under review amounted to Rs. 15,857,352.	Taking action to settle the outstanding balance.	That it will be settled in the future.

1.4 Non-compliance

1.4.1 Non-compliance with laws, rules, regulations and management decisions

References To rules and regulations and management decisions	Non-compliance	Recommendation	Accounting Officer's Commentary
(a) National Environmental Act No. 47 of 1980 as amended by Act No. 53 of 2000 and Act No. 56 of 1988	While Central Environment Authority has refused to issue the Environmental Protection License it had maintaining slaughter house by the Sabha as unlawful.	Actions should be taken to legal.	A valid trade license has been issued in accordance with the provisions of the Ordinance of batcheer's.
(b) Pradeshiya saba (Financial and Administrative) Rules 218	A survey of the lands and buildings belonging to the Sabha was not carried out.	Actions should be taken to conduct the survey.	Actions are taking to be done in 2019.
(c) 104 Financial Regulations	Although an amount of Rs.34, 440 had paid for a three-wheeler of the sabha which had involved in an accident, an investigation had not been carried out according to the Financial Regulation 104 about that.	Actions should be taken according to the financial regulation 104.	An investigation will be carried out in future.

- (d) Circular No. 1988/22 dated 17 May 1988 of the Commissioner of Local Government. The valuation of property for assessment tax has not been done once in five years. Actions should be taken to do the Valuation of property according to the circular. Assessment work has commenced at now.

## 2. Financial Review

### 2.1 Financial Results

According to the financial statements presented for the year then ended 31 December 2018, excess of revenue over recurrent expenditure of the Council amounted to Rs. 25,359,070 as compared with the corresponding excess of revenue over recurrent expenditure for the preceding year amounted to Rs.17,290,001 .

### 2.2 Revenue Administration

#### 2.2.1 Estimated Income, Billed Income, collected Income and arrears Income

Details of Estimated Revenue, Billed Income, collected Revenue and Arrears of Revenue for the nine months ended 31 December 2018 of the Sabah which were established on 20 March 2018 are as follows.

source of income	2018				2017			
	estimated income	billed income	collected Income	total arrears as at 31 December	estimated income	billed income	collected Income	total arrears as at 31 December
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
rates and tax	4,229,000	4,404,781	3,217,500	1,187,281	4,142,000	4,468,779	4,038,161	2,144,546
Rent	3,960,000	3,706,357	3,596,357	110,000	3,990,000	3,582,536	5,450,203	196,775
License fee	9,304,000	3,317,119	3,317,119	-	6,940,000	5,523,998	5,523,998	-
Other	15,968,000	21,590,999	21,590,999	-	11,800,000	3,592,926	6,573,310	1,860,153
<b>total</b>	<b>33,461,000</b>	<b>33,019,256</b>	<b>31,721,975</b>	<b>1,297,281</b>	<b>26,872,000</b>	<b>17,168,239</b>	<b>21,585,672</b>	<b>2,201,474</b>

## 2. 2. 2 Court fines and stamp fees

### Audit observation

### Recommendation

### Accounting Officer's Commentary

A receivable amount of Rs. 2,015,988 court fines and an amount Rs. 8,679,890 stamps duty as at 31 December of the year under review had not been collected.

Actions should be taken to collect the relevant money.

That a part has been recovered and that the rest will be recovered.

## 3 Operational review

### 3.1 Performance

Following are the observations on the perform the functions of Public Health, the regulation of matters of public utility services and the management of public roads, people in comfort, convenience and welfare of the Council to regulate and administer public health, public utility services and public roads under section 3 of the pradeshiya sabha act.

Audit observation	Recommendation	Accounting Officer's Commentary
(a) Kosgahapathana and Hapugastalawa garbage disposal sites in the area of the Sabha area have been dumped in the open ground and mixed waste including polythene which not properly disposed of.	Proper methodology should be formalized for disposal of garbage .	When the land is acquired legally, it will be formalized.
(b) A sum of Rs. 11,112,792 had been spent as at August 09, 2018, for the first stage of the construction of the new building of the Pradeshiya Sabha. However, as the council had sufficient funds, the construction of the remainder of the works had not commenced by April 2019.	Actions should be taken to complete the construction promptly.	That it to be completed in 2019.

### 3.2 Sustainable Development Goals

Audit observation	Recommendation	Accounting Officer's Commentary
While the Pradeshiya Sabha had not adequately aware about Sustainable development objectives and targets and the specific tasks in this regard had not done in the year under review.	Planning to achieve sustainable development objectives and targets.	Special attention will be paid to this matter

### 3.3 Management Inefficiencies

Audit observation	Recommendation	Accounting Officer's Commentary
(a) Although two septic tanks were purchased by expending an amount of Rs.55, 000 for providing sanitary facilities for Ramboda Falls viewers in the month of October 2017 , but the tanks were not installed in the premises.	Construction should be completed quickly and install tanks to.	Plans are underway to construct a new toilet system. After that the tanks will be installed.
(b) Although the pipes had purchased for Randagalbada and sheen water schemes which were to be implemented by the pradeshiya sabha by expending Rs 1,897,315 and Rs 1,083,915 respectively in 2017 the relevant water supply schemes have not been launched.	Actions should be taken to early completion of the project to.	Steps will be taken to construct a water tank and supply water.
(c) The public toilets which had built in 2016 in Thawalanthanna at a cost of Rs. 859,070 was unable to use due to lack of providing water facilities.	Actions should be taken to getting use by providing water facility as soon as possible.	That the necessary action will be taken in the future.

### 3.4 Human Resource Management

#### Audit observation

#### Recommendation

#### Accounting Officer's Commentary

There were 32 vacancies in eight positions in the Sabha As at 31 December of the year under review.

Actions should be taken to fill the vacancies .

Submitted for getting approval for recruitment.

### 3.5 Assets Management

#### 3.5.1 Idle assets

#### Audit observation

#### Recommendation

#### Accounting Officer's Commentary

(a) Several buildings constructed to hold the “SathiPola” and the public toilet before several years at now were rendered useless.

Actions should be taken to make necessary improvements and utilize them effectively

That the actions to be taken for future development and utilization.

(b) The vehicle which had not been submitted value, for over 10 years and two vehicles worth Rs. 621,552 for over 7 years, had not been used by repairing or had not been taken actions to abduction.

Actions should be taken to abduction or repair as appropriate to use.

That the necessary arrangements are being made.

### 4 Accountability and good governance

#### 4.1 Budgetary Control

#### Audit observation

#### Recommendation

#### Accounting Officer's Commentary

Although it should be prepared and presented a statement of matter describing for the variances among actual revenue and expenditures and estimated finance allocations according to the rule 193 of pradeshiya Sabha (finance and administration) rules of 1988,that statement had not been presented for describe the variances of the year under review.

Present a statement of matter describing about the variances according to relevant rules.

The answers had not been received.