

**Kuliyapitiya Pradeshiya Sabha
Kurunegala District**

1. Financial Statements

1.1 Presentation of Financial Statements

Financial Statements for the year 2018 had been submitted to Audit on 29 March 2019 and the Summary Report of the Auditor General on those financial statements and Detailed Management Audit Report have been sent to the Chairman on 31 May 2019 and 15 July 2019 respectively.

1.2 Qualified Opinion

In my opinion, except for the effects of the matters described in paragraph on basis for qualified opinion of this report, financial statements give a true and fair view of the financial position of the Kuliyapitiya Pradeshiya Sabha as at 31 December 2018 and its financial performance for the year then ended in accordance with Generally Accepted Accounting Principles.

1.3 Basis for Qualified Opinion

Audit Observation	Recommendation	Comments of the Accounting Officer
-----	-----	-----
(a) Fixed assets valued at Rs.1,583,800 which were purchased during the year under review had not been brought to account.	The fixed assets purchased should be brought to account.	Agreed. I inform that action will be taken to rectify it through journal entries in the preparation of accounts of the year 2019.
(b) Creditors valued at Rs.929,901 had not been brought to account.	Values not accounted for should be brought to account.	Action will be taken to rectify it through journal entries in the preparation of final accounts of the year 2019.
(c) Constructions valued at Rs.7,845,474 had not been brought to account under fixed assets.	Action should be taken to rectify it in the preparation of accounts of the year 2019.	I inform that action will be taken to rectify it in the preparation of accounts of the year 2019.
(d) Differences amounting to Rs.6,964,935 existed between the accounts and supporting documents pertaining to 5 items of accounts.	The said differences should be identified and rectified.	Even though these items were included in the schedule, it had been omitted in journal entries to accounts. I inform that the said difference will be rectified through journal entries.

02. Financial Review

2.1 Financial Results

According to the financial statements presented, excess of revenue over recurrent expenditure of the Sabha for the year ended 31 December 2018 had been Rs. 65,184,822 as compared with the corresponding excess of revenue over recurrent expenditure amounting to Rs.70,720,262 for the preceding year.

2.2 Revenue Administration

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

Information on the estimated revenue, billed revenue, collected revenue and the arrears of revenue presented relating to the year under review and the preceding year, is given below.

Source of Revenue	2018				2017			
	Estimated Revenue	Billed Revenue	Collected Revenue	Total Arrears as at 31 December	Estimated Revenue	Billed Revenue	Collected Revenue	Total Arrears as at 31 December
	Rs	Rs.	Rs	Rs..	Rs	Rs.	Rs.	Rs
(i) Rates and Taxes	1,890,800	2,357,687	2,570,084	501,224	1,711,000	2,111,000	1,931,000	658,000
(ii) Lease Rents	6,451,260	8,287,310	8,238,179	75	8,203,000	9,795,000	1,757,000	58,000
(iii) Licenses Fees	619,000	843,541	843,541	0	514,000	642,000	642,000	-
(iv) Other Revenue	158,190,200	174,447,606	147,922,921	218,695,900	138,826,000	156,227,000	149,192,000	156,993,000
Total	167,151,260	185,936,144	159,574,725	219,197,199	149,254,000	168,775,000	153,522,000	157,709,000

2.2.3 Rates and Taxes

Audit Observation	Recommendation	Comments of the Accounting Officer
(a) Rates The balance of rates and taxes amounting to Rs.188,958 as at the end of the year under review included a balance of Rs.52,331 remained outstanding over a period of 03 years.	Action should be taken to recover the outstanding balances.	I inform that necessary action will be taken in due course to recover the outstanding balances.

(b) Acre Tax

A balance of acre tax amounting to Rs.267,671 existed over a period of 03 years.

Action should be taken to recover the outstanding balances.

I inform that the recovery of acre tax revenue stated in registers has been difficult due to the reasons such as failure to find the land owners as per the information on acre tax available in the registers maintained by the Sabha and the distribution of lands among family members.

2.2.4 Court Fines and Stamp Fees

Audit Observation	Recommendation	Comments of the Accounting Officer
The court fines and stamp fees receivable as at 31 December 2018 amounted to Rs.31,618,962 and Rs.176,459,926 respectively.	Action should be taken to recover them.	It has been requested to pay the fines receivable and out of stamp fees, information on the stamp fees pertaining to the Land Registry at Kuliypitiya for the year 2018 has not been received to the Sabha as yet and further, I inform that action will be taken to recover the outstanding stamp fees.

3. Operating Review

3.1 Human Resource Management

Audit Observation	Recommendation	Comments of the Accounting Officer
(a) Excess Cadre		
-----	-----	-----
Eleven employees had been recruited on casual/ contract basis exceeding the approved cadre.	Action should be taken not to make recruitments exceeding the approved cadre.	Not commented.
(b) Staff Loans		

A sum of Rs.129,560 was recoverable from 14 employees deceased, retired and who have vacated the post.	Action should be taken to recover these balances.	Not commented.

4. Accountability and Good Governance

Internal Audit

Audit Observation	Recommendation	Comments of the Accounting Officer
As normal duties have also been assigned to the officers appointed for internal audit purposes, adequate internal audit was not possible to be carried out.	Action should be taken to streamline the internal control of the Sabha by carrying out the internal audit properly and to submit the copies of reports to Audit.	An internal audit plan had been prepared for the year 2018 and the activities relating to internal audit have been carried out accordingly.