

**Alawwa 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 26 March 2019 and the Summary Report of the Auditor General and the Detailed Management Audit Report relating to those Financial Statements had been sent to the Chairman on 31 May 2019 and 11 June 2019 respectively.

1.2 Qualified Opinion

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion of this report, financial statements give a true and fair view of the financial position of the AlawwaPradeshiya 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) The value of the land of the Hangawatte Huriyagolla cemetery and the land of Mabopitiya Meegahamula paddy field had not been assessed and brought to account.	The relevant assets should be valued and brought to account.	Action will be taken to assess the value of the 02 lands of which the value had not been assessed and to capitalize same.
(b) Ten computer accessories valued at Rs.103,995 had not been brought to account.	Action should be taken to account computer accessories.	Action will be taken to identify and account the 10 computer accessories not brought to account.
(c) A difference of Rs.1,922,523 was observed between the balances relating to 07 Items of Accounts indicated in the financial statements as at the end of the year under review and the balances of Schedules relating thereto.	Rectifications should be made by comparing the differences of the relevant balances.	It is informed that action will be taken to record the differences relating tomotor vehicles at the Board of Survey of this year and action will also be taken to find out the reasons for other differences and to rectify them.

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| (d) | Deeds, Registers of Fixed Assets and Schedules relating to 04 Items of Accounts valued at Rs.15,389,078 had not been made available for Audit. | Evidence confirming the balances of accounts shown in the financial statements, should be made available. | It is informed that action will be taken to commence the survey on lands and buildings from this year and to maintain separate registers for machinery and furniture and fittings from this year. |
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1.4 Non-compliances

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

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

Audit Observation	Non-compliance	Recommendation	Comments of the Accounting Officer
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Financial Regulation 571 of the Financial Regulations of the Democratic Socialist Republic of Sri Lanka	Action had not been taken relating to 134 deposits valued at Rs.733,692 older than 02 years.	Action should be taken in terms of Financial Regulations relating to deposits older than 02 years.	Action had been taken to account a sum of Rs.76,029.96 to the revenue on 30.01.2019 by Monetary Committee Decision 4.III relevant to 50 deposits relating to the years 2015 and 2016.

02. Financial Review

2.1 Financial Results

According to financial statements presented, excess of revenue over recurrent expenditure of the Sabha for the year ended 31 December 2018 had been Rs.15,309,488 as compared with the corresponding excess of revenue over recurrent expenditure for the preceding year amounting to Rs.18,599,699.

2.2 Revenue Administration

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

Details on the estimated revenue, billed revenue, collected revenue and arrears of revenue presented relating to the year under review and the preceding year are as follows.

2.2.2 Licence Fees and Business Tax

Source of Revenue	Year 2018				Year 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. 000	Rs.. 000	Rs.. 000	Rs.. 000	Rs.. 000	Rs.. 000	Rs.. 000	Rs.. 000
I. and Taxes Rates	3,502	2,894	3,447	366	2,946	3,461	3,744	920
II. Rent	11,530	9,899	10,003	83	10,996	9,794	9,655	190
III. Licence Fees	1,928	2,061	2,093	-	1,502	1,917	1,963	-
IV Other Revenue	90,871	74,343	63,409	41,297	71,131	66,507	71,975	17,631
Total	107,831	89,197	78,952	41,746	86,575	81,679	87,337	18,741

Audit Observation

Action had not been taken to recover business tax for the year 2018 for 10 out of 12 telephone transmission towers installed within the area of authority of the Alawwa Pradeshiya Sabha.

Recommendation

Action should be taken to recover business tax.

Comments of the Accounting Officer

Letters have been forwarded to all telephone companies to pay business tax for the year 2018.

03. Operating Review

3.1 Performance

Delays in Performing Functions

Audit Observation

According to the report of the Water Project in operation on the provisions of Rs.5 million in the year 2018, there were 06 key functions and out of them, constructing the well, which was the first activity, should have been commenced on 11 October 2018 on a contractual value of Rs.1,696,320 and completed within 02 months and 14 days. However, action had not been taken to complete other activities relating to the project and to provide drinking water to 125 families which was the objective of the project.

Recommendation

Action should be taken to provide expected benefits to the public.

Comments of the Accounting Officer

The First Phase of the Maragalkanda Water Scheme should have been operated as pumping water to the main tanks distributed on the provisions of the main Ministry, from the constructed well. Moreover, it is informed that provisions have been requested for this purpose in the year 2019, as provisions were not allocated through the Maragalkanda Water Project for distribution of water required for the houses of people.

3.2 Management Inefficiencies

Audit Observations

- (a) Even though a sum of Rs.771,615 had been spent in the year under review for the backhoe loader and the motor grader, documentary evidence for which the said sum had been utilized, had not been made available to Audit.

Recommendation

Action should be taken to maintain documentary evidence.

Comments of the Accounting Officer

It is informed that the progress of work done files of Drivers and areas of which descriptions of roads maintained and drainage systems, the number of hours spent, have been recorded.

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| <p>(b) Action had not been taken to settle the balances of Rs.1,528,569 older than one year and the period of existence of the balance of accounts payable amounting to Rs.8,027,743 had not been identified.</p> | <p>Action should be taken to settle balances older than one year and as well to identify the loan balance of Rs.8,027,743 which cannot be specifically identified.</p> | <p>It is informed that balances payable will be identified and settled.</p> |
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3.3 Human Resource Management

(a) Vacancies and Excess of Staff

Audit Observation	Recommendation	Comments of the Accounting Officer
<p>There were 13 vacancies in the staff while 15 Development Officers attached by the Department of Local Government had been in excess. There were 8 vacancies relating to 5 posts in the Primary Level while there were 5 in excess relating to 3 posts. Moreover, 10 casual employees had been recruited relating to 3 posts.</p>	<p>Action should be taken to recruit employees for vacancies and to regularize excess employees.</p>	<p>There were 13 vacancies relating to 07 posts in the Secondary Level and the 15 officers in excess were the Development Officers attached by the Department of Local Government. Moreover, there were 8 vacancies relating to 5 posts in the Primary Level.</p>

(b) Staff Loans

Audit Observation	Recommendation	Comments of the Accounting Officer
<p>The staff loans not recovered monthly due to decease and failure in finding information, amounted to Rs.62,753.</p>	<p>Action should be taken to recover the said loans.</p>	<p>It is informed that Mr.R.P.Karunaratne has deceased and even though information has been sent to the Department of Pension and that action has still not been taken to recover the relevant amount.</p>

3.4 Assets Management

Idle Assets

Audit Observation	Recommendation	Comments of the Accounting Officer
Twelve out of 28 stalls in the Alawwa Bus Station Super Market Complex had remained idle without being able to lease out.	Action should be taken to lease out the said stalls.	The lessees who come to obtain these stalls state that it is difficult to pay the lump sum of Rs.1,120,000 to be paid for these stalls. As such, it is informed that reference has been made to the Maha Sabha for reducing the lump sum to be paid and that approval has been granted for reducing to 5 bids under the Decision No.3.12 of the Maha Sabha held on 19.11.2018.

3.5 Procurements

Procurement Plan

Audit Observation	Recommendation	Comments of the Accounting officer
A Procurement Plan had not been prepared for the year 2018.	Action should be taken to prepare Procurement Plans.	A Procurement Plan had not been prepared for the year 2018 and a Procurement Plan for the year 2019 has been prepared.