

Mathale Pradeshiya Sabha
Mathale District

1 Financial Statements

1.1 Presentation of the Financial Statements

The financial statements of the year 2018 had been presented to the audit on the 22 March 2019 and the summary report of the Auditor General had been presented to the Chairman on 23 May 2019 and the detailed management report regarding the financial statements had been presented to the Chairman on 31 May 2019.

1.2 The Qualified Opinion

I am in an opinion that, except the effect on the financial statements of the matters referred under the section 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 Mathale 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

1.3.1 Accounts Receivable and Accounts Payable

Audit Observation	Recommendation	Accounting Officer's Commentary
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(a)Accounts Receivable		

The receiveble balance that could not settled since 03 years was amounting to Rs. 807,368.	Actions should be taken to recovered the receivable balances.	Action will be taken to recover the balance of assessment tax, acreage tax and water charges and to write off thr balances which could not be recovered. Stamp duty amount of Rs.27,000 which has been in arrears for over 3 years has not been received.

(b) Accounts Payable

The payable balances that had elapsed 03 years amounting to Rs. 2,157,299.

Actions should be taken to settlement the payable balances.

It will make arrangements to settle the accounts with doing payments to the relevant parties.

1.3.2 Lack of Written Evidence Required for the Audit

Audit Observation

Recommendation

Accounting Officer's
Commentary

02 accounting subject worth of Rs. 61,166,291 had not been vouched satisfactorily in audit due to non submission of the audit evidence to the audit.

Proof of ownership should to be prepared and updated.

It will take future actions by ensuring the ownership of the property.

1. 4 Non-Compliance

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

References
To laws, rules
regulations and
management
decisions

Non-compliance

Recommendation

Accounting Officer's
Commentary

(a) Financial Regulation 571 and 572 of Democratic socialist Republic in Sri Lanka

actions had not been taken regarding the 08 expired deposits balances and 62 industrial deposit balances.

actions should be taken in accordance with Financial Regulations regarding the expired deposits.

actions will be taken to released or get to the revenue within 03 months.

(b) Public Administration Circular No. 30/2016 dated 29th December 2016

It had not been carried out Fuel combustions test of 05 vehicles of the sabha.

Actions should be taken according the instructions of the circular.

It will be presented the reports by carrying out the fuel combustion test.

2. Financial Review

2.1 Financial Results

According to the presented financial statements, excess of income over recurrent expenditure for the year ending 31 December 2018 amounted to Rs. 43,712,130 as compared with the corresponding excess of revenue over recurrent expenditure for the preceding year amounted to Rs.31,767,098.

2.2 Revenue Administration

2.2.1 Estimated Revenue, Billed Revenue, collected Revenue and arrears Revenue

Details of Estimated Revenue, Billed Revenue, collected Revenue and Arrears of Revenue for the year under review and the previous year are as follows.

2018		2017						
Source of revenue	Estimated Revenue	billed revenue	Revenue collected	Total arrears as of December 31 st	Estimated Revenue	billed revenue	Income collected	Total arrears as of December 31 st
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Rates Taxes	5,276,200	1,247,088	3,353,109	584,442	7,849,000	8,717,038	6,462,041	4,721,011
Rent	1,405,000	390,020	551,325	26,095	25,001,000	453,805	1,855,910	26,500
License fee	1,400,000	-	1,406,592	-	5,800,000	-	5,430,400	-
Other Income	22,026,000	7,372,742	17,277,605	3,709,745	24,433,000	22,100,000	4,005,392	21,257,306
Total	30,107,200	9,009,850	22,588,631	4,320,282	63,083,000	31,270,843	17,753,743	26,004,817

2.2.2 Rates and Taxes

	Audit observation	Recommendation	Accounting Officer's Commentary
(a)	Rates		
	It had remained a balance of Rs.25, 507 that should to be received from the government entities as at 31 December of the year under review.	the receivable balances should be recovered.	actions will be taken to recoverd the arrears balances.

(b) Acreage tax

while the arrears acreage tax income balance was amounting to Rs.223,215 as at the end of the year under review, and actions had not been taken to recovered the balance which continuing from several years.

the receivable balances should be recovered by identifying.

While it had done the activities of identifying the arrears balances, Accordingly, action will be taken to remove any outstanding balances under the formal approval.

(c) Water Charges

Audit observation

while the total arrears water charges as at the end of the year under review was amounting to Rs. 3,709,745 and an amount of Rs. 2,504,865 or 68 percent had been lapsed more than a year thereof. this arrears balance consist with the balance of Rs.1,212,959 that had to be received from the 05 water projects which had inactive before the year 2010.

Recommendation

actions should be taken to done relevant arrangements to recovered the arrears balances.

Accounting Officer's
Commentary

This shortage was caused by the disconnection of the water supply of about five water supply schemes long time ago. With the failure of those water schemes, there has been a billing of documents for the period when the water was not distributed. I will also cut back on bills and other irrevocable payments.

2. 2. 3 Court fines and stamp fees

Audit observation

An amount of Rs. 1,586,750 of court fines and an amount of Rs. 33,708,123 of stamp fees had been remained to receive as at 31 December of the year under review.

Recommendation

It should be collected the arrears income promptly.

Accounting Officer's
Commentary

even though it had requested to the Chief Secretary in writing and oral in several times this arrears could not be recovered up to now.

2. 2. 4 Surcharges

Audit observation	Recommendation	Accounting Officer's Commentary
----- had to 1,716,708.an amount of Rs December 31 be recovered as at which had imposed within 2018 the year under review and the previuos years aginst the responsible persons according to pradeshiya the provisions of the .Sabha act	----- Expeditious recovery of surcharges from non-recovering parties and legal action should be taken against unpaid parties.	----- actions will be taken to recovered the remaind non recovered money

3 Operational review

3.1 Performance

(a) Non-receipt of expected benefits

Audit observation	Recommendation	Accounting Officer's Commentary
----- Even though it had paid the amount of Rs.4, 374,809 on 27th November 2018 which to be paid by the Sabha to the Chief Ministry of the Central Province for the garbage transport compactor approved by the Council under the Provincial Specific Development Grant of 2018, the vehicle had not yet been received as at the end of the year under review.	----- actions should be taken to bring the vehicle immediatly.	----- it had requested as the money repayments again or giving the vehicle to the sabha.

(b) Solid Waste Management

Audit observation

Recommendation

Accounting Officer's
Commentary

In terms of section 27 and 28 of the Extraordinary Gazette No. 16/1533 dated 25th January 2008, the license for polythene burner and solid waste project currently being used has not been obtained from the Central Environmental Authority.

It should be attained the environmental license immediately.

Actions should be taken to attaining the environmental license immediately.

(C) Sustainable Development Goals

Audit observation

Recommendation

Accounting Officer's
Commentary

According to the National Policy and Economic Affairs Ministry Circular No. NP / SP / SDG / 17 dated 14 August 2017, while there could not be prepared plans for achieving the Sustainable Development Goals and the budget allocation of Rs. 280,000 which had allocated by the budget of the year 2018 had not been utilized on development affairs.

Actions should be taken in accordance with the guidelines of the circular.

Actions will be taken to properly account for the expenditure under the Sustainable Development Programs of 2019.

3.2 Management inefficiencies

Audit observation

Recommendation

Accounting Officer's
Commentary

(a) A tractor vehicle worth Rs. 1,400,000 had faced for a fire broke in the Sabha premises on or about 14 May 2018, and it had spent more than seven months after it but actions had not been taken in accordance to

In accordance with the financial regulations, relevant investigations should be carried out expeditiously and action should be taken.

The tractor has been repaired and restored to running condition and the relevant investigation is underway.

the Financial Regulation 104(3) and 104(4).

(b) It had not been taken actions regarding Four poultry farms with between 500 and 1,500 poultry farms that have been operating for more than five years without trade licenses and environmental licenses .

legal actions must be taken.

The relevant officers have been given the responsibility of conducting a field inspection and obtaining relevant reports, informing the business premises, and prosecuting unlicensed and unauthorized business premises.

3.3 Human Resource Management

Audit observation

Recommendation

Accounting Officer's
Commentary

There were 41 vacancies in 16 staff positions and 10 redundancies in four positions.

Action should be taken to fill vacancies and regularize redundancies.

Actions will be taken to recruit qualified personnel for the existing vacancies immediately.

3.4 Operational inefficiencies

Audit observation

Recommendation

Accounting Officer's
Commentary

(a) No action has been taken to acquire the lands 36,37,38 and 72 of 65.2 perches which had been allocated to the Sabha for public purposes from the Locknagarwatte deed relating to the deed No. 4623 which had been approved for partition on 19 March 2018.

Actions should be taken promptly by doing relevant investigations..

Actions will be taken to transfer these land plots to the sabha legally.

(b) There were no reports had taken of 15 water supply schemes being tested for drinking water.

the relevant reports must be taken promptly by doing investigation.

The water samples have been taken after requesting the health doctor to obtain a health security report but the report has not been received so far.

(c) Of the 318 building applications received in the year under review, 263 were approved, but it had issued a certificates of compliance for only one application.

Actions should be taken in accordance with the Urban Development Act regarding the non-issuing the certificates of compliance.

Technical Officers will be supervised and action will be taken to issue a Compliance Certificate for these constructions.

3.5 Assets Management

Idle Assets

Audit observation

A motor bicycle worth of Rs.30,000 had been allowed to be destroyed after removing from running before more than 05 years.

Recommendation

Necessary actions should be taken.

Accounting Officer's Commentary

Due to the delay in issuing the valuation report, further action has not been taken regarding the motorbike and it will be reported immediately by getting reports from committee.

3.6 Procurement

Procurement plan

Audit observation

A major procurement plan and a detailed procurement plan including civil works and other services were not prepared in accordance with 4.2.1 of the Procurement Guidelines.

Recommendation

The plans should be prepared annually.

Accounting Officer's Commentary

Action will be taken to implement the procurement plan for the year 2019 in a systematic manner under the approval.