

UkuwelaPradeshiyaSabha
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 27 March 2019 and the summary report of the Auditor General had been presented to the on 26 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 Ukuwela 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 Accounting Deficiencies

Audit Observation -----	Recommendation -----	Accounting Officer's Commentary -----
(a) The interest amount of Rs. 105,671 for the fixed deposits that invested in the year under review had not been accounted.	The interest should be accounted accurately.	It will be corrected in the final account for the year 2019 by journal entries
(b) The library books value had been understated by an amount of Rs.574, 317 in the year under review.	The difference of library book balance should be accounted.	It will correct in the year 2019.
(c) An amount of Rs. 2,983,365 which had received for the project of Visal Mathale for maintaining the road had been accounted under the rates and tax revenue without note down in the deposits account.	The corrections should be done in accounts.	It will correct in the year 2019.

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| (d) | While an allocation amount of Rs.1,999,051 had allocated by the budget of the year under review for constructing the common market of Sabha, even though the building had not constructed until 03 April 2019 that amount had been capitalized by accounting as creditors. | It should be accounted accurately. | It will correct in the year 2019. |
| (e) | The capital grants had been under stated by an amount of Rs.517,956 in the year under review. | It should be accounted the understated value. | It will correct in the year 2019. |
| (f) | An amount of Rs.1,435,828 which had spent for development projects in the year under review had not been accounted. | It should be accounted the understated value. | It will correct in the year 2019. |
| (g) | It had overstated the creditors balance by an amount of Rs.5,906,653 and the debtors balance by an amount of Rs.286,592 had been overstated hence it was not accounted accurately in the year under review the balances not in under the creditors or debtors in previous year. | It should be accounted accurately. | It will correct in the year 2019. |
| (h) | The employee loan as at the end of the year under review balance had been overstated by an amount of Rs.73,086 | It should be adjusted the understated value accurately. | It will correct in the year 2019. |

1.3.2 Non reconciled accounts

Audit observation	Recommendation	Accounting Officer's Commentary
It had been observed a difference of Rs. 45,972 when compare the total amount of Rs. 29,570,981 related to 02 accounts subject stated in the financial statements with their relevant schedules supporting documents.	Actions should be taken to correct the accounts by comparing the differences of the balances.	The balances as at end of the year of the stamp fees, court fines and the fixed deposits.

1.3.4 Accounts Receivable and Accounts Payable

Audit observation	Recommendation	Accounting Officer's Commentary
(a) Accounts Receivable		
The receivable balances that had elapsed 03 years amounting to Rs. 47,364.	Actions should be taken to collect the receivable balances.	Actions are taking for corrections.
(b) Accounts Payable		
The payable balances that had elapsed 03 years amounting to Rs. 2,794,355.	Actions should be taken to settlement the payable balances.	Actions will take to pay for the relevant parties or take in to the revenue otherwise.

1.3.4 Lack of written evidence required for the audit

Audit observation	Recommendation	Accounting Officer's Commentary
04 accounting subject worth of Rs. 6,450,800 had not been vouched satisfactorily in audit	The descriptive schedule should be presented by preparing.	The correct balance of deposit account should be to Rs.5,845,160.

due to non submission of the audit evidence to the audit.

1.4 Non-compliance

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) Article 24 of Pradeshiya Sabha Act No 15 of 1987	The roads owned to the sabha had not been taken to inventory by publishing on the gazette.	The roads owned to the sabha should be updated by publishing on the gazette.	Actions will be taken to gazette in future.
(b) Public Administration Circular No. 30/2016 dated 29th December 2016	It had not been carried out Fuel combustions test of 12 vehicles of the sabha.	Actions should be taken according the instructions of the circular.	The fuel combustion test had carried out of the other vehicles apart 05 vehicles

2. Financial Review

2.1 Financial Results

According to the presented financial statements, excess of revenue over recurrent expenditure for the year ending 31 December 2018 amounted to Rs. .36,726,210 as compared with the corresponding excess of revenue over recurrent expenditure for the preceding year amounted to Rs.37,328,696.

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 of the previous year are as follows.

Source of revenue	2018				2017			
	Estimated Revenue	billed revenue	Revenue collected	Total arrears as of December 31 st	Estimated Revenue	billed revenue	Revenue collected	Total arrears as of December 31 st
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Rates aTaxes	2,312,344	2,556,924	2,593,070	579,945	1,012,345	1,793,688	1,439,729	548,721
Rent	3,662,000	3,870,378	3,815,246	53,555	2,937,000	3,495,783	3,448,549	48,809
License fee	1,630,000	1,559,535	1,559,535	-	1,771,000	1,393,430	1,393,430	-
Other Revenue	14,109,000	9,670,262	9,833,888	1,546,089	10,592,000	10,437,515	9,037,574	1,736,577
Total	21,713,344	17,657,099	17,801,739	2,179,589	16,312,345	17,120,416	15,319,282	2,334,107

2.2.2 Rates and Taxes

Audit observation	Recommendation	Accounting Officer's Commentary
(a) Rates had been collected in the year under review on the basis of the rate tax valuation of the year 2007.	Actions should be taken with regard by getting the valuations promptly.	The property valuation report could not be presented to the sabha because the report with some errors. The report had been sent to the department of valuation for necessary amendments.
(b) Although it had done the valuation for 6258 rate units expending of Rs. 1,153,397 in the years of 2014 and 2015, that amount had been idle because the new rates could not be charged on new assessment by publishing that valuation report on the gazette.	Rates should be charged from identified rate units.	It is caused by the the rate system with some errors and lack of revenue inspectors.
(c) The arrears of rates was for the end of the eyar under review amounting to Rs. 579,945 as at the end of the year under review, and it comprised with the 143 balances between Rs.1,000 and Rs.18,424 actions had	Actions should be taken regarding the collecting the arrears rate and regarding persons who neglect paying the rates according to the section 158 of Pradeshiya Sabha act no. 15 of	Actions are being taking to collect the arrears rates.

not been taken to collect the arrears rate balances according to the section 158 of Pradeshiya Sabha act no. 15 of 1987.

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2.2.3 Water Charges

----- Audit observation -----	Recommendation -----	Accounting Officer's Commentary -----
<p>(a) Arrears of water charges was amounting to Rs. 1,546,088 as at the end of the year under review it comprised with the 423 balances between Rs.1,000 and Rs.19,027. Actions had not been taken to collect the arrears or disconnect these connection.</p>	<p>The legal actions should be taken regarding the non-payments of the arrears and collecting the arrears.</p>	<p>An amount of Rs. 704,471 had been collected and the actions had been taken to collect the remainder.</p>
<p>(b) An amount of Rs. 233,982 had not been collected from the 225 customers whose connection had disconnected hence non-payments of the charges.</p>	<p>The legal actions should be taken regarding the non-payments of the arrears and collecting the arrears.</p>	<p>Actions will be taken to collect in future.</p>

2. 2. 4 Court fines and stamp fees

----- Audit observation -----	Recommendation -----	Accounting Officer's Commentary -----
<p>An amount of Rs. 707,000 of court fines and an amount of Rs. 23,330,710 of stamp fees had been remained to receive as at 31 December of the year under review.</p>	<p>It should be collected the arrears revenue promptly.</p>	<p>Answers had not been received.</p>

3 Operational review

3.1 Performance

Following are the observations on the performance 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 pradeshiasabha act.

(a) Action Plan

Audit observation -----	Recommendation -----	Accounting Officer's Commentary -----
(i) It had been carried out 35 Development proposals with had estimated cost of Rs. 8,105,498 that could not include in the action plan or couldn't having the budget allocations.	Actions should be taken in accordance with the action plan by preparing the action plan accurately.	Instructions had been given to the relevant officers to prepare the action plan accurately.
(ii) Actions had not been carried out 08 projects which had estimated cost of Rs. 12,500,000 that had allocated the money from annual budget and included in the action plan.	Projects should be carried out within the year as the plan.	Answers had not been received.

(B) Delays in performing tasks

Audit observation -----	Recommendation -----	Accounting Officer's Commentary -----
Although it had entered to an agreement worth of Rs. 500,000 for implementation the project of Alkaduwa new water project in on the 29 December 2017 under the allocation of the sabha fund, the project had not been carried out. Even though New estimates worth of Rs.2, 253,876 had prepared again in the year 2018 the project had not been carried out.	Developments projects should be carried out under proper supervision according to plan which prepared by identifying the necessary.	The estimate is being implementing as a new proposal.

(C) Solid Waste Management

Audit observation

Recommendation

Accounting Officer's
Commentary

While it had collected waste quantity about 4 ½ tons daily in the area of authority of the sabha, out of them 01 ton of waste had used for composting and remainder was disposing as harmful to the environment.

The waste management should be carried out by a manner of reduce the harm to the environment.

Fertilizer had been given to the government entities to encourage the gardening by using compost.

(D) Sustainable Development Goals

Audit observation

Recommendation

Accounting Officer's
Commentary

As of 11 June 2018, the targets for poverty alleviation have been identified by aware about the agenda 2030 regarding the sustainable Development Goals, but no work has been done to achieve them.

Actions should be done to perform the task to reach the goals by identifying the objectives.

Answers had not been received.

3.2 Human Resource Management

Audit observation

Recommendation

Accounting Officer's
Commentary

(a) There were six vacancies in secondary level posts and six vacancies of primary level posts

Vacancies should be filled.

Two Secondary Level and 4 Primary Level Posts have been completed.

(b) Six persons who had been recruited to the post of labour had been employed in office duties,

Employee management must be done properly.

Duties have been assigned on the basis of service requirement

not in their respective duties.

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| (c) | Action has not been taken to recover the Rs. 110,072 Employee Loan Balance of an employee dismissed since May of the year under review and Rs.298,904 from two employees who dismissed from September | Action must be taken to recover the debt balance. | Relevant employees have been informed. |
| (d) | Actions had not been taken to collect the debt balance of Rs.35,852 which remained to be received since the year 2012 to 2017. | It must be collected the arrears balances. | It will be corrected in future. |
| (e) | In the year under review, when recruiting two office assistant assistants for the interview, the educational qualifications were not given, and the work experience and the verbal tests were given without transparency. | Scores should be given considered with transparency and merit. | Answers had not been given. |

3.3 Operational inefficiencies

Audit observation	Recommendation	Accounting Officer's Commentary
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(a) Out of 540 building applications received for the year under review, 457 were approved, but only 28 applications were issued for compliance certificates.	Compliance certificates should be issued after the construction of the development permits are regularly inspected and approved.	I will issue the Certificate of Compliance after the applicant requests.
(b) Although by-laws were imposed on three-wheeler charges, the survey did not take into count the number of three-wheelers in the area and collect the revenue from them.	Focus on queries and necessary actions should be taken this regard.	Actions will be taken in future in this regard.

3.4 Assets Management

3.4.1 Not Certifying the Protection Of The Assets

Audit observation	Recommendation	Accounting Officer's Commentary
(a) 46 lands, including the cemeteries of the Sabha, have not been acquired.	Land ownership should be arrogated.	Future work is being carried out in this regard.
(b) The ownership of two motorbikes that were given to the Sabha in 2005 had not been taken over.	Action should be taken to transfer ownership of assets.	Future work is being carried out in this regard.

3.4.2 Non Economical Transactions

Audit observation	Recommendation	Accounting Officer's Commentary
It had paid an amount of Rs.160,000 for purchased 04 tables without proper standard.	Actions should be taken to purchase the equipments with proper standard.	Those timbers were in 1st class and comply with good strength. the other short comings will be complete by the supplying institute.

3.5 Procurement

3.5.1 Procurement Plan

Audit observation	Recommendation	Accounting Officer's Commentary
A procurement plan had not been prepared according to the 4.2.1 of the procurement guidelines.	The procurements plan should be prepared.	Actions will be taken in future in this regard.

3.5.2 Contract Administration

Audit observation	Recommendation	Accounting Officer's Commentary
<p>(a) While the strength of the concrete had remained a level of weak in the 30.5 meters of the road near the Mr Subramaniam's house at Kohombiliwela, Wariyapola, according to the Quality Inspection Report of the Road Concreting of the total cost of the project was Rs. 438,080 and the retention of Rs. 48,676 had been paid.</p>	<p>Responsible parties must be identified and action taken.</p>	<p>The Hammer Test Report was obtained.</p>
<p>(b) According to the feasibility report of the ElkaduwaWatta Water Based Community Based Organization's Alternative Water Supply and Drainage Project, although it had proposed to take water by a new water pipe was proposed to be brought to the pipe tanks, about one kilometre above the catchment area action had been taken to supply water to the system by a small canal beneath the tea estates is used for a concrete fence.</p>	<p>Actions should be taken in accordance with the feasibility study.</p>	<p>Answered had not been stated clearly.</p>