

Yatawatta 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 29 March 2019 and the summary report of the Auditor General had been presented to the Chairman on 16 May 2019 and the descriptive 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 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 Yatawatta 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) It had not been stated in the financial statement the value of 50 water meters amounting to Rs.117,500 as at the end of the year under review..	Accounts should be corrected.	At the time of purchasing these water meters, the relevant expenditure heads have been debited. Action will be taken to adjusting the relevant water meter in the journal entries
(b) The balance of the deposit accounts which to be repaid had been overstated by an amount of Rs.692,965.	It should be corrected the overstated amounts in accounts.	Actions will be taken to correct in the year 2019.

1.3.2 Accounts Receivable and Accounts Payable

(a) Accounts Receivable

Audit observation

Recommendation

Accounting Officer's
Commentary

The receivable balances that had elapsed 03 years amounting to Rs. 172,288.

Actions should be taken to collect the receivable balances.

Actions will be taken to settled in future.

(b) Accounts Payable

Audit observation

Recommendation

Accounting Officer's
Commentary

The payable balances that had elapsed 03 years amounting to Rs.325, 103.

Actions should be taken to settlement the payable balances.

Actions will be taken to settled in future.

1.3.3 Lack of written evidence required for the audit

Audit observation

Recommendation

Accounting Officer's
Commentary

03 accounting subject worth of Rs. 63,891,876 had not been vouched satisfactorily in audit due to non-submission of therelevant audit evidence to the audit.

It should be presented the report by doing a survey and presented the schedules by preparing.

I inform that the relevant report will be presented in the year 2020 and it will be corrected in future.

1.4 Non-compliance

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

References To laws,rules and regulations and management decisions -----	Non-compliance -----	Recommendation -----	Accounting Officer's Commentary -----
(a) Pradeshiyab sabha (financial and administration) Rule of 1988 Rule 218	Since the beginning of the House, the survey has not been conducted on all land and building avenues.	Lands, buildings and streets should be surveyed.	I inform that the survey will be complete in this year.
(b) 570 and 571 of the Financial Regulations of the Democratic Socialist Republic of Sri Lanka	No action had been taken to settle public deposits amounting to Rs. 239, 406over a period of 2years.	It should be settled the deposit whivh had expired.	Actions will be taken to settled in future.

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. 8,675,629as compared with the corresponding excess of revenue over recurrent expenditure for the preceding year amounted to Rs.7,166,135.

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.

Source of income	2018			2017			Total arrears as of December 31 st	Rs.
	Estimated Income	billed income	Income collected	Estimated Income	billed income	Income collected		
Rates and Taxes	1,087,000	1,398,987	1,272,854	199,501	2,010,200	1,074,882	1,561,829	270,228
Rent	1,221,000	-	1,020,275	-	2,286,506	-	814,226	14,500
License fee	915,060	-	1,039,458	-	395,370	-	370,894	-
Other Income	5,840,300	-	3,274,945	-	2,820,704	-	1,541,696	202,714
Total	9,063,360	1,398,987	6,607,532	199,501	7,512,780	1,074,882	4,288,645	487,442

2.2.2 Acreage Taxes

Audit observation

The arrears acreage tax balance was amounting to Rs.30,281 as at the last date of the year under review.

Recommendation

Appropriate actions should be taken to collect the balances which can be collected and follow the legal actions about the remainder.

Accounting Officer's Commentary

Surveys are currently underway to recover the arrears which can be collected and write off the remainder.

2.2.3 Water Charges

Audit observation

It had not been collected the arrears water charges amounting to Rs.149,670 which should be received as at 31 December of the year under review from 05 water schemes. It had to be received an amount of Rs. 83,315 as at 30 April 2019 further more.

Recommendation

The arrears should be collected.

Accounting Officer's Commentary

While it had collected an amount of Rs.66,355 currently from arrears water charges amount, action is being taken to collect the remainder which was amounting to Rs. 83,315.

2. 2. 4 Court fines and stamp fees

Audit observation	Recommendation	Accounting Officer's Commentary
While the stamp fees which to be received as at 31 December of the year under review was amounting to Rs. 9,376,433 and an amount of Rs.8,762,439 had to be received as at 30 April 2019 thereof furthermore.	It should be collected the arrears income promptly.	While it had collected an amount of Rs. 613,994 currently from arrears stamp fees amount of Rs. 9,376,433 action is being taking to collect the remainder.

2. 2. 5 Surcharges

Audit observation	Recommendation	Accounting Officer's Commentary
It had been an amount of Rs.32, 259 to be collected regarding surcharge amount as at 31 December of the year under review which had imposed against the responsible persons in the last years according to the provisions of the PradeshisySabha Act.	Actions should be taken to collected and if it could not paid the legal actions must be taken to.	The Assistant Commissioner of Local Government has been ordered to collect this amount at the 2018 Committee of Public Accounts.

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 pradeshiasabha act.

(a) Abandoned tasks

Audit observation

The e-Nena Piyasa Centre, which had computer instruments worth of Rs. 607,616 had been abandoned without utilizing any purpose due to the absence of a computer consultant. Part of the resources provided for this was utilized in the Sabha office and the remaining resources remained idle.

Recommendation

A consultant should be hired and the work of e-Nena-Piyasa should be expedited.

Accounting Officer's
Commentary

Since the approval of the Minister in charge of the subject should be obtained by hiring a consultant for the e-Nena-piyasa Centre I will prepare the project reports and send them to the Minister in charge.

(b) Solid Waste Management

Audit observation

A building worth Rs. 659,062 and a compost yard worth of Rs. 700,000 constructed using provincial specific development grants and Sabhafunds had not been used to compost production.

Recommendation

Action should be taken to start composting process using decaying waste.

Accounting Officer's
Commentary

Residents of the area have not been able to dump garbage due to the objection of the residents for composting. But I would like to inform you that this is using for the non-decaying garbage preparation.

(c) Sustainable Development Goals

Audit observation

Even though the Pradeshiya Sabha had allocated Rs. 156,000 for 11 budget proposals in 2018 to achieve the Sustainable Development Goals, actions had not been taken to achieve those Sustainable Development Goals.

Recommendation

The focus should be on achieving the Sustainable Development Goals.

Accounting Officer's
Commentary

Even though it had allocating funds for the Sustainable Development Goals there had been some delays in due to the increased focus on business and development projects.

3.2 Management inefficiencies

Audit observation -----	Recommendation -----	Accounting Officer's Commentary -----
Under Section 23“E” of the National Environmental Act No. 47 of 1980, as amended by Act No. 56 of 1988 and Act No. 53 of 2000, 24 enterprises that are required to obtain Environment Protect License had been continued their business without obtaining an Environment Protect License.	It should be obtained the license.	Business owners who do very little are not interested in obtaining environmental protected license. They also do not take into consideration the licensing requirements, as their business will reduce the risk of environmental damage.

3.3 Human Resource Management

Audit observation -----	Recommendation -----	Accounting Officer's Commentary -----
There were vacancies in 09 posts of secondary level and 03 posts of primary level.	It should be filled immediately the vacancies.	We have made a request to the Local Government Commissioner regarding these vacancies. The staffs have been severely inconvenienced due to the vacancies and the higher authority has been informed on this.

3.4 Operational inefficiencies

Audit observation -----	Recommendation -----	Accounting Officer's Commentary -----
There was no drinking water purification system for water distributed by the five water supply schemes maintained by the Sabha.	Purified water should be released to the public.	So far, chlorine has been purchased and arrangements are being made to treat the water.

3.5 Assets Management

3.5.1 Assets which Not documented

Audit observation	Recommendation	Accounting Officer's Commentary
According to the Treasury Secretary's circular No. IAI / 02/2002 and the 28 November 2002, it had not been maintained fixed asset schedule related to computer equipment and software..	The relevant documents should be maintained up to date according to the circular.	Computerized inventory will be prepared, updated and corrected in the future.

3.5.2 Non receipt of income from assets

Audit observation	Recommendation	Accounting Officer's Commentary
Duncanwatta Pre-School and Children's Park had been leased to a private preschool from May 2018 at a very low monthly rent of Rs. 500 Without making an acceptable valuation or charged according to a leasing the contract.	Action should be taken to properly manage the assets of the council.	We have rented this building for the benefit of the children of the area rather than maintaining the Sabha building as a worthless asset.

3.5.3 Idle and underutilized Assets

Audit observation	Recommendation	Accounting Officer's Commentary
(a) Seven unusable furniture and equipment items were stored without following due process.	Abuse must be followed by proper procedures.	Would like to mention that even though it had presented for the auction was for 2018, not the auction. Please note that these items are expected to be submitted for 2019 item auction.
(b) There were eight disposable stainless steel writing tables and six wooden tables left unused in the church premises.	Action should be taken to use the goods that are available.	I would like to inform you that it was decided not to auction the steel tables and wooden tables that were offered at the auction.

3.6 Procurement

Procurement plan

Audit observation

A procurement plan and a procurement schedule had not been prepared in accordance with 4.2.1 and 4.2.3 of the Procurement Guidelines.

Recommendation

A detailed procurement plan should be prepared.

Accounting Officer's
Commentary

A detailed procurement plan will be prepared in the future.

4. Accountability and good governance

Audit and Management Committees

Audit observation

Although the Audit and Management Committees should to be held quarterly, it had been held at one time during the year under review.

Recommendation

Audit and Management Committees should be conducted in accordance with the Circular instructions.

Accounting Officer's
Commentary

We have held two audit and management committees for the year 2018 and will be working to correct them in the future.