

Minipe Pradeshiya Sabha
Kandy 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 19 March 2019 and the summary report of the Auditor General had been presented to the chairman on 28 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 Minipe Pradeshiya Sabha as at 31 December 2018 and financial results of its operations for the year then ended.

1.3 The basis for a second opinion

(a) Accounting deficiencies

	Audit Observation -----	Recommendation -----	Comment by the Accounting Officer -----
(i)	The value of 6 assets decreased by Rs. 2,383,566 and the value of three assets increased to Rs. 1,103,514.	Actions should be taken to accounted correctly	I have taken notes to correct.
(ii)	The value of Rs. 5,000,910 spent on the development of five water supply schemes was not capitalized.	Actions should be taken to accounted correctly.	It will be corrected in preparation of 2019 accounts.
(iii)	The value of Rs.24928, 660 of a motor grader that had received from the Huguranketha Pradeshiya Sabha had been accounted without taking over to the sabha.	Actions should be taken to accounted correctly	I will correct that in the coming year.

(iv) The balance of fixed deposit had been understated by an amount of Rs.383,870	Actions should be taken to be accounted correctly	I will correct that in the coming year.
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(b) Non reconciled control accounts

Audit observations of

It had been observed a difference of Rs. when compare the total the total amount of Rs. of 03 of 03 accounts subject stated in subject stated in the financial statements with their relevant schedules, supporting documents and reports

Recommendation

Actions should be taken to correct the accounts by comparing the differences of the balances.

Comment by the Accounting Officer

I will correct the land and court fines. Shop rentals are adjusted by journals.

(c) Accounts Receivable and Payable

Audit Observations

(i) accounts receivable

The total amount of accounts receivable over a period of one year was amounting to Rs.9, 051,084.

Recommendation

Action should be taken to recover the balance due.

Comment by the Accounting Officer

It had also been instructed to get back the balance of the industrial debtor and to recover the rent, water charges, shop rent and revenue debtors.

(ii) accounts payable

The total outstanding balance due for a period of one year was Rs. 4,408,978.

Action should be taken to settle the outstanding balance.

It will pay the balance of the industry credit and expense creditor. Advance is a balance that has existed before.

(d) Lack of written evidence required for the audit

Audit Observation -----	Recommendation -----	Accounting officer Commentary -----
04 accounting subject worth of Rs. 124,303,547 had not been vouched satisfactorily in audit due to non submission of the acceptable audit evidence such as Transfer orders, files and documents confirming ownership to the audit.	It should be Presented of evidence confirming the balance sheet in the financial statements.	Transfer orders had not been received. The Minister in charge of the subject has been requested to the write off. No written evidence. A balance that has existed before.

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.6860, 375 as compared with the corresponding excess of revenue over recurrent expenditure for the preceding year amounted to Rs. 4,541,312.

2.2 Revenue Administration

2.2.1 Estimated Revenue, Billed Revenue, Accumulated Revenue and Deficit Revenue

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

Source of revenue	2018				2017			
	Estimated revenue	Management Billed revenue	Revenue collected	Total deficit as of December 31st	Estimated revenue	Management Billed revenue	Revenue collected	Total deficit as of December 31st
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
(i) Rates and Taxes	1,332,892	1,332,892	929,810	403,082	553,942	592,883	452,890	139,993
(ii) Rent	3,280,589	3,919,412	2,338,827	1,580,585	3,238,461	3,882,678	3,258,433	624,246
(iii) License fee	2,510,000	2,312,897	2,312,897	-	2,068,000	1,989,272	1,989,272	-
(iv) Other Revenue	5,624,041	32,838,739	31,305,060	1,533,679	6,271,500	30,011,618	28,465,922	1,545,696
	12,747,522	40,403,940	36,886,594	3,517,346	12,131,903	36,476,451	34,166,517	2,309,935
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2.2.2 Performance of Revenue Collection

Audit Observation	Recommendation	Comment by the Accounting Officer
----- Although the revenue that to be recovered within the year under review was amounting to Rs. the the progress of revenue collection was at collection was at a percent of 86 due to the collection of the year was amounting to Rs.	----- Arrears should be recovered.	----- Accept.

2. 2.3 Court fines and Stamp Fees

Audit Observation	Recommendation	Comment by the Accounting Officer
----- An amount of Rs. of court fines of court fines and an amount of Rs. of stamp fees had been had been remained to receive end of the year under review.	----- Action should be taken to collect the revenue to the Sabha.	----- It will be take action to collect.

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 Pradeshiya Sabha act.

(a) By-laws

Audit Observation

Recommendation

Comment by the
Accounting Officer

Although it should to be enacted by laws regarding performing main 30 matters according to the section 126 of the PradeshiyaSabha act. It had been imposed 13 by laws only.

The council must make by-laws that can generate revenue.

Action will be taken to enact by-laws .

(b) Failure to Achieve Desired Outcome

Audit Observation

Recommendation

Comment by the Accounting
Officer

It had been facilitated only 12 consumers from 03 water projects.

Action should be taken to obtain the expected benefits .

The answer is no .

(c) Abandoned Tasks

Audit Observation

Recommendation

Comment by the Accounting
Officer

Although the construction of the fence around the Morayaya Library had made a provision of Rs. 207,562, the project had been abandoned.

Planned projects need to be fulfilled.

It will be implemented by including to the next year action plan.

(d) Environmental issues Hack

Audit Observation

Recommendation

Comment by the Accounting
Officer

While no action is being taken to recycle non-decaying garbage, the garbage project has been burned as harmful to the environment .

Action should be taken to dispose of non-decaying garbage properly.

Just because there is no space to fill the empty space and there is no burner.

(e) Sustainable Development Goals

Audit Observation	Recommendation	Comment by the Accounting Officer
The Council did not identify the Sustainable Development Goals targets and the indicators for achieving and measuring progress.	Action should be taken to identify and achieve sustainable development goals.	The plan will be made in future as can to be achieve the sustainable development goals.

3.2 Management inefficiencies

Audit Observation	Recommendation	Comment by the Accounting Officer
Installed water meters to 1422 out of 1735 All consumers remained inactive.	Actions should be done to install water meters.	Due to the lack of filters, the water meter was inactive. After the construction of the filter tanks It will be install water meters for all locations.

3.3 Human Resource Management

Audit Observation	Recommendation	Accountant's Commentary
Excess and Vacancies of Employee		
There were 18 vacancies in 07 positions and 02 excess in 01 position.	Action should be taken to fill the vacancies.	The Department of Local Government and the Public Service Commission have been asked to provide development officers. It will be recruiting for other positions.

3.4 Operating inefficiencies

Audit Observation	Recommendation	Comment by the Accounting Officer
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The outstanding rent was amounting to Rs .4,851,446 as at 31 December of the year under review.	The land should be taken over and leased out.	Has been taken over by transfer orders and sued for arrears.

3.5 Asset Management

3.5.1 Inactive / Underutilized Assets

Audit Observation	Recommendation	Comment by the Accounting Officer
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(a) The 05 vehicles worth Rs.1, 978,050 had been idle and underutilized.	Action should be taken to idle vehicles and repairing useful items.	The auction is scheduled to be auctioned by the General Assembly dated 22.09.2017. Accordingly, further action will be taken.
(b) The 14,000 square feet of multifamily building ground and second floor remained idle.	Action should be taken to obtain the expected benefits.	Accept.
(c) The Hasalaka Kolongoda warehouse and the old courthouse building were idle.	Action should be taken to assess the expected benefits and lease out after assessing..	I will inform the general public that action will be taken to suit the needs of the traders and that the court building will be converted into a Grama Shakthi office and an official residence.
(d) Value of water equipment amounting Rs.848, 434 had been idle.	Requirements should be identified and action taken to purchased.	Answer had not been received.

- (e) Motor Grader worth Rs. 24,928,660 obtained from the Hanguranketha Pradeshiya Sabha on 16.05.2010 had been idle. Action must be taken to earn revenue. There is a need for a driver and I will continue to earn revenue.

3.6 Recognized Losses

Audit Observation

Case had written judgment was to pay Rs 500,000 and the relevant legal interest to the accuser for the loss of Rs .24, 709 which occurred hence foundations removed by the Former Chairman. since the pradshiys Saha could not pay the money, the vehicle worth of Rs 1,500,000 was taken into custody in Hasalaka Court Room No. 14 stall and Rs .530,500 had been paid on 26 July 2018 by arbitrating No action has been taken to investigate and recover the damages of Rs. Rs.caused to sabha due to this case.

case

Recommendation

Investigations should be carried out in accordance with the regulations and recover of the loss of money.

Comment by the Accounting Officer

It will be conducted an inquiry into the financial regulations 104 and determine those responsible.

3.7 Visual Disorders

Audit Observation

An unauthorized person had resident in the land of 0.0487 hectares owned by the council.

Recommendation

Action should be taken to clear the lands belonging to the council.

Comment by the Accounting Officer

Although actions had been made the land the ownership of the land has not been settled due it was no license or transfer order.

3.8 Procurement

Contract Administration

Audit Observation	Recommendation	Comment by the Accounting Officer
<p>It had been completed works of the projected developing the road from Kolongoda temple to Palugolla junction ay entering to an agreement of Rs.16,152,322 and completing the works at a cost of Rs.16,239,295.</p>		
<p>(i) According to the estimate Item No. 3, it was Rs .3,125,417 were admitted to the provisions to be laying ABC 150 mm thick at, ABC thickness of 08 out of 10 places had not in the standard according to the report.</p>	<p>Must be done to the standard.</p>	<p>The answers will be prepared later.</p>
<p>(ii) Although it had included Rs.7, 947,857 in the estimates bared 04 per line (1690 x 3 x 0.05) in size Asphalt metric tons for laying over Rs.13,341.60 each for Rs 595.72 metric tons of, as per the report of bitumen layer thickness of 3 out of 10 had not been thickness of the approved estimate.</p>	<p>Must be done to the standard.</p>	<p>The answers will be prepared later.</p>
<p>(iii) According to inspection reports, nine out of 10 sites on the roadway have not performed properly.</p>	<p>Must be done to the standard.</p>	<p>The answers will be prepared later.</p>
<p>(iv) Although it had been approved to pay an amount of Rs. 5,964,534 35 percent of the value of the billed value for which for 600 meters out of 1700 meters of this road which was no problems, any action had not been taken regarding the remained 1100meters,</p>	<p>Action should be taken regarding the contractor who was weak and the poor supervision.</p>	<p>The answers will be prepared later.</p>