

Ududumbara Pradeshiya Sabha  
Kandy District  
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1 Financial Statements  
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1.1 Presentation of the Financial Statements  
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The financial statements of the year 2018 had been presented to the audit on the 28 March 2019 and the summary report of the Auditor General had been presented to the Chairman on 28 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  
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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 Ududumbara 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  
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(a) Accounting Deficiencies  
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	Audit Observation -----	Recommendation -----	Accounting Officer's Commentary -----
(i)	It had not been capitalized the value of 02 water schemes worth of Rs.2,512,045	It should be accounted accurately.	Accept. It will be corrected when preparing the accounts in the year 2019.
(ii)	The value of lands of the Pradeshiya Sabha had not been capitalized.	It should be accounted accurately.	Accept. It will be corrected when preparing the accounts in the year 2019.
(iii)	The value of water bowser which had received as donation had not been accounted.	The value of the bowser should be accounted.	Accept. It will be corrected when preparing the accounts in the year 2019.
(iv)	The 07 hems of office equipment's worth of Rs.257,600 had not been accounted.	Assets should be capitalizes.	Accept. It will be corrected when preparing the accounts in the year 2019.

(v)	The income which received from action amounting to Rs.53,002 had not been accounted.	Revenue should be accounted.	Accept. It will be corrected when preparing the accounts in the year 2019.
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(b) Accounts Receivable and Payable  
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Audit observation -----	Recommendation -----	Accounting Officer's Commentary -----
(i) Accounts Receivable -----		The answer will be given before 31 May 2019 regarding the debtor balance.
(ii) Accounts Payable -----		The answer will be given before 31 May 2019 regarding the creditor balance.

1.4 Non-compliance  
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1.4.1 Non-compliance with laws, rules, regulations and management decisions  
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References To rules and regulations and management decisions -----	Non-compliance -----	Recommendation -----	Accounting Officer's Commentary -----
(a) Financial Regulating 371(2)(b) Democratic socialist Republic of Sri Lanka.	The advance amounting to Rs.166,784 had not been selected.	Action should be taken in accordance with financial regulation.	It will be released after presenting advance certificates which had given to 02 courses.
(b)		Charges should be collected by regulating the three-wheelers.	Action had been taken to regulate three-wheelers by

registering and issuing permits.

1.5 Transaction had not verifying by the sufficient

Audit observation	Recommendation	Accounting Officer's Commentary
02 mobile phones worth of Rs.65,000 had been given to the chairmen and to the vice chairmen.	Action should be taken according to the rules and regulating.	This is facilitating by the amendments to the pradeshiya sabha Act No. 15 of 1987. Which had done in 1993.

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.2,864,707 as compared with the corresponding excess of revenue over recurrent expenditure for the preceding year amounted to Rs.1,783,732

2.2 Revenue Administration

2.2.1 Estimated Income, Billed Income, collected Income and arrearsIncome

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

Source of income	2018				2017			
	Estimated Income	billed income	Income collected	Total arrears as of December 31 <sup>st</sup>	Estimated Income	billed income	Income collected	Total arrears as of December 31 <sup>st</sup>
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Rates Taxes	5,987,300	6,072,632	5,001,338	1,071,292	5,987,300	5,996,872	4,880,388	2,398,816
Rent	1,255,800	3,322,006	3,180,701	141,305	3,423,000	3,683,339	3,571,123	113,435
License fee	2,500,000	3,016,850	3,016,850	-	2,200,000	2,369,650	2,369,650	-
Other Income	12,700,000	-	-	12,700,000	12,200,000	-	-	12,200,000
<b>Total</b>	<b>22,443,100</b>	<b>12,411,488</b>	<b>11,198,889</b>	<b>13,912,597</b>	<b>23,810,300</b>	<b>12,049,861</b>	<b>10,821,161</b>	<b>14,712,251</b>

### 2.2.2 Performance in Revenue Collection

Audit observation	Recommendation	Accounting Officer's Commentary
Although the revenue that recovered within the year under review was amounting to Rs.9,421,029 the progress of revenue collection was at a percent of 41 due to the collection of the year was amounting to Rs.6,934,886	The arrears revenue should be collected.	Accept.

### 2.2.3 Court fines and Stamp fees

Audit observation	Recommendation	Accounting Officer's Commentary
An amount of Rs.543,717 of court fines and an amount of Rs.4,129,644 of stamp fees had been remained to receive as at 31 December of the year under review.	Action should be taken to collect the revenue to the sabha.	It had been informed by letters to collect the arrears fines and there was a delay when submitting the Stamp fees schedules.

## 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	Accounting Officer's Commentary
Although it should to be enacted by laws regarding performing main 30 matters according to the section 126 of the pradeshiya sabha act.	Action should be taken to generate revenue by imposing by laws as can be collected revenue to the sabha.	Accept.

It had been imposed 15 by laws only.

(b) Non-obtaining of the expected out come

Audit observation	Recommendation	Accounting Officer's Commentary
(i) 4810 squirefect of the multipurpose building which had constructed by expending an amount of Rs.42,160,398 under the project of 'Pura Neguma' had been idle.	Action must be taken getting expected benefits from the assets.	Although the actions had taken to generate revenue it was not success. It had decided to tendering again.
(ii) Although the 'Thissa Aththanayake' conference hall had been repaired by spending an amount of Rs.4,758,582 It had earned an amount of Rs.5,000 only in 2018.	Action must be taken getting expected benefits from the assets.	The charges will be published by gazette in the future.

(c) Solid waste Management

Audit observation	Recommendation	Accounting Officer's Commentary
Although it had spent an amount of Rs.3,487,828 for compost trench and ware house and an amount of Rs.5,064,140 for the purchasing machinery in the year 2012 – 2017. The projects remained unsuccessful.	Action must be taken manage the decaying and non-decaying waste properly.	Accept.

(d) Sustainable Development Goals

Audit observation	Recommendation	Accounting Officer's Commentary
The index had not been recognized by the sabha to measure the progress of achieving them by identifying the sustainable development goals and objectives.	Action must be taken to achieve the sustainable development goals by identifying them.	Action will be taken to identifying the index. When preparing the action plan of the year 2020.

3.2 Human Resource Management

Audit observation	Recommendation	Accounting Officer's Commentary
There were 29 employee vacancies.	Actions should be taken to fill the vacancies of employee.	Action can be taken to make Sabha appointments.

3.3 Operational inefficiencies

Audit observation	Recommendation	Accounting Officer's Commentary
It had been charges a fixed amount as Rs.200 from Commercial units and Rs.150 from the house holds consumers without fixing the water meters to 304 water consumers of the 03 water projects owned to the sabha.	Actions should be taken to fix the water meters.	Although it fixed. The water meters they had inactive due to not using of a filtering method.

### 3.4 Assets Management

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#### 3.4.1 Not-receipt of income from Assets

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Audit observation

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It had not been utilized the 03 vehicles and machineries worth of Rs.21,943,890

Recommendation

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Action should be taken to utilize these machineries.

Accounting Officer's  
Commentary

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This is caused by non-availability of the drivers and none of the demands.

#### 3.4.2 Idle and Under Utilized Assets

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Audit observation

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04 vehicles had been parked at the Sabha premises without utilizing.

Recommendation

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Actions should be taken to disposed the Assets which could not be used.

Accounting Officer's  
Commentary

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The idle Assets will be auctioned.