

**Ambalangoda Pradeshiya Sabha
Galle District**

1. Financial Statements

1.1 Presentation of Financial Statements

While Financial Statements for the year 2018 had been presented to audit on 29 March 2019, the summary report of the Auditor General relating to those financial statements on 31 May 2019 and detailed management report on 14 June 2019 was sent to the Chairman.

1.2 Qualified Opinion

In my opinion, except for the effect of matters described in the part, basis for qualified opinion in my report, the financial statements give a true and fair view of the position of the Ambalangoda Pradeshiya Sabha as at 31 December 2018 and its financial performance for the year then ended in accordance with Generally Accepted Accounting Principles.

1.3 Basis for the qualified opinion

(a) Accounting Deficiencies

Audit Observation

Although 15 works proposed to be performed out of Sabha Funds had not been commenced, creditors provision had been made for the estimated value amounting to Rs. 7,500,000

Recommendation

Should be correctly accounted.

**Comments of the
Accounting Officer**

Action will be taken to correct in preparing accounts for the year 2019.

(b) Non-reconciled Accounts

Audit Observation

There was a difference of Rs.251,445 between the balances relevant to 03 items of accounts and the balances in the schedules relevant to those.

Recommendation

Differences in the relevant accounts should be reconciled and action should be taken to correct the accounts

**Comments of the
Accounting Officer**

Action will be taken to correct in due course as this is a discrepancy existing for a long period.

(c) Accounts Receivable

Audit Observation	Recommendation	Comments of the Accounting Officer
Action had not been taken to recover the balance of Rs. 47,466 in the Deposits Receivable Account brought over from the year 2008.	Action should be taken to recover the amounts receivable.	Action will be taken in due course.

(d) Lack of Evidence for Audit

Audit Observation	Recommendation	Comments of the Accounting Officer
Six items of accounts totaling Rs. 155,217,382 could not be satisfactorily examined in audit due to non- rendition of required information.	Evidence to confirm balances shown in the financial statements should be submitted.	Action will be taken to correct in due course.

1.4 Non-compliance

Non compliance with Laws, Rules, Regulations & Management Decisions

Reference to Laws, Rules, Regulations and Management Decisions	Value Rs.	Non-compliance	Recommendation	Comments of the Accounting Officer
(a) Pradeshiya Sabha Act No. 15 of 1987 Sections 174 (ii) (2)	135,427	Action had not been taken to call for quotations or to purchase from a registered supplier in purchasing a sofa.	Should act in terms of the Act.	Will act properly in due course.
(b) Financial Regulation of the Democratic Socialist Republic of Sri Lanka.				
(i) Financial Regulations	18,200	Action had not been taken with	Should act in terms of the	Action will be taken in due

	From 101 to 113.		regard to 123 books misplaced according to the reference registers maintained in the public libraries of the Sabha.	financial regulations.	course.
(ii)	Financial Regulations 570,571 and 572	16,815,575	While there were no details with regard to deposit balances which had elapsed 02 years, action too had not been taken in terms of regulations referred to in.	Should act in terms of the financial regulations.	Action will be taken in due course.
	Finance Ministry Circular No. 02/ 2015 dated 10 July 2015.	750,000	Although a period of more than one year had elapsed after obtaining a report for disposal of a cab vehicle belongs to the Sabha, disposal had not been done.	Should act in terms of the circular.	Action will be taken to correct.

2. Financial Review

2.1 Financial Results

According to the financial statements presented, excess of revenue over recurrent expenditure of the Sabha for the year ended 31 December 2018 amounted to Rs.14,316,879 as compared with corresponding excess of revenue over recurrent expenditure for the preceding year amounted to Rs. 18,607,197.

2.2 Revenue Administration

2.2.1 Estimated Revenue, Revenue Billed and Revenue Collected and Arrears of Revenue

Estimated Revenue, Billed Revenue, Revenue Collected and Arrears of Revenue 31 December for the year under review and the preceding year as furnished are shown below.

Source of Revenue	2018				2017			
	Estimated Revenue	Revenue Billed	Revenue Collected	Total Arrears as at 31 December ---	Estimated Revenue	Revenue Billed	Revenue Collected	Total Arrears a 31 December
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Acreage Tax	58,850	15,600	3,517	225,089	18,000	16,325	3,879	213,006
Rent	3,555,350	2,502,360	3,003,751	60,306	2,600,000	2,300,060	1,781,705	561,697
License Fees	1,382,300	1,559,650	958,730	712,895	1,600,000	1,328,260	1,216,285	111,975
	<u>4,996,500</u>	<u>4,077,610</u>	<u>3,965,998</u>	<u>998,290</u>	<u>4,218,000</u>	<u>3,644,645</u>	<u>3,001,869</u>	<u>886,678</u>

2.2.2 Performance in Revenue Collecton

Audit Observation

Although the overall revenue to be collected during the year under review was Rs.4,964,288, revenue collected was Rs.2,965,998. Accordingly, there was balance of arrear amounting to Rs.998,290 at the end of the year under review.

Recommendation

Action should be taken to recover arrears of reveue.

Comments of the Accounting Officer

Action will be taken to recover arrears of revenue soon in due coursee.

2.2.3 Acreage Tax

Audit Observation

While Acreage Tax Revenue to be recovered during the year under review was Rs.228,606 Recoveries during the year had been Rs. 3,517. Accordingly there was balance of arrears amounting to Rs. 225,089 at the end of the year.

Recommendation

Action should be taken to prepare a proper system to recover arrears of revenue.

Comments of the Accounting Officer

Action will be taken soon to recover arrears of revenue in due course

2.2.4 License Fees

Audit Observation	Recommendation	Comments of the Accounting Officer
Although the revenue to be collected during the year under review was Rs. 1,671,625, revenue collected had been Rs. 958,730 or 6 percent. Accordingly recovery of license fees was not at a satisfactory level.	Arrears of revenue should be recovered soon.	Arrears of revenue will be recovered in due course.

2.2.5 Court Fines and Stamp Fees

Audit Observation	Recommendation	Comments of the Accounting Officer
Courts Fines amounting to Rs. 6,826,562 and Stamp Fees amounting to Rs. 47,114,680 were receivable from the Chief Secretary to the Provincial Council and other authorities as at 31 December of the year under review.	Action should be taken to recover arrears of revenue soon.	Letters have been sent to get the arrears amounts from the Chief Secretary.

3. Operating Review

3.1 Performance

Matters revealed with regard to fulfilling regulation and control and administration of public health, public utility services and public thoroughfares, generally with the protection and promotion of the comfort, convenience and welfare of the people and amenities by the Council under Section 3 of the Pradeshiya Sabha are shown below.

(a) Action Plan

Audit Observation	Recommendation	Comments of the Accounting Officer
An Action Plan had not been prepared for activities to be fulfilled by the Sabha according to the by-laws imposed.	An Annual Action Plan should be prepared.	Action will be taken to prepare an Action Plan in due course.

(b) Non-achievement of Expected Benefits

Audit Observation

Although a monthly sum of Rs. 57,400 should be recovered with effect from 09 February 2015 for 14 stalls in Batapola Two Storied Market Complex according to the new valuation given by the Chief Valuer, a sum pf Rs. 7,000 only had been recovered causing a loss of Rs. 49,700.

Recommendation

Action should be taken to update the agreement and recover assessed value.

Comments of the Accounting Officer

Action will be taken to correct in due course.

(c) Solid Wastes Management

Audit Observation

The Sabha had not prepared a long term plan to formalize garbage management works according to gazette notification No. 2015/53 dated 20 April 2017.

Recommendation

Action should be taken to prepare a formal and long term plan for disposal of garbage.

Comments of the Accounting Officer

Action will be taken to correct in due course.

(d) Sustainable Development Goals

Audit Observation

The Sabha had not prepared long term plans for uplifting living condition and health of the people in the area of authority through global indexes for sustainable development objectives and goals in the Agenda for Sustainable Development 2030.

Recommendation

Long term plans for sustainable development should be prepared and included in the Action Plan.

Comments of the Accounting Officer

A plan will be prepared to uplift living condition of the people in the area of authority in due course.

3.2 Human Resources Management

Audit Observation	Recommendation	Comments of the Accounting Officer
(a) There were surplus of 08 officers in the secondary level and vacancies in 08 posts in primary level.	Action should be taken to regularize the surplus posts and to make proper recruitments for vacancies.	Action will be taken to correct.
(b) Staff Loans A loan balance of Rs.197,600 brought forward from the year 2017 was outstanding as at the end of the year under review, from 12 employees who had retired from service, gone abroad, vacated service and deceased. Action had not been taken to recover it from the relevant officers or their guarantors.	Loan balances in arrears should be recovered.	Action will be taken to recover arrears of loan balances in due course.

3.3 Losses and Damages

Audit Observation	Recommendation	Comments of the Accounting Officer
A further sum of Rs. 2,791,487 was due to be recovered as at the end of the year under review, due to failure in recovering from the bills, the amount receivable for asphalt provided to contracting companies for performance of works during the year 2014.	Relevant amount should be recovered soon.	Action will be taken to correct in due course.

4. Accountability and Good Governance

4.1 Budgetary Control

Audit Observation	Recommendation	Comments of the Accounting Officer
(a) While there were savings in 02 items of expenditure totaling to Rs. 1,466,291, it was in a range from 20 percent to 26 percent.	Realistic estimates should be prepared.	Attention will be made in this regard in the ensuing year.
(b) Targeted revenue not reached in one item of revenue was Rs. 892,390 or 25 percent.	Realistic estimates should be prepared.	Attention will be made in this regard in the ensuing year.

4.2 Internal Audit

Audit Observation	Recommendation	Comments of the Accounting Officer
Although an internal audit officer had been appointed in terms of provisions in financial regulations 133 and 134 of the Republic of Sri Lanka and Circular No. SLG/G/01/NC dated 24 February 2014 of the Commissioner of Local Government (Southern Province), an adequate internal audit had not been carried out.	Should act according to financial regulations and circulars.	Action will be taken to carry out an internal audit and to send reports in due course.

4.3 Implementation of Audit and Management Committees.

Audit Observation	Recommendation	Comments of the Accounting Officer
Action had not been taken to establish Audit and Management Committees in terms of Management Audit Circular No. DMA/2009/(i) dated 09 June 2009, even up to end of the year under review.	Should act according to circulars.	Action will be taken in due course