

Ruwanwella Pradeshiya Sabha
Kegalle District

1 Financial Statements

1.1 Presentation of Financial Statements

The Financial Statements for 2018 were submitted for audit on 21 May 2019 and the Auditor General's Summary Report for this Financial Statements and Detailed Management Audit Report were sent to the Chairman on 22 August 2019.

1.2 Qualified opinion

In my opinion, except for the effects of the matters described in basis for the qualified opinion section of this report, the Financial Statements give a true and fair view of the Financial Position of the Ruwanwella Pradeshiya Sabha as at 31December 2018 and its Financial Performance for the year then ended in accordance with generally accepted accounting principles.

1.3 The Basis for the Qualified Opinion

(a) Accounting Deficiencies

Audit Observation	Recommendation	Comments of the Accounting Officer
(i) The discount of Rs. 35,155 received for the purchase of library books during the year under review was not accounted for.	Discounts have to be accounted for.	Discount on Library Books Rs. 35,155 will be rectified in the preparation of the final accounts for 2019.
(ii) The Stamp Duty Incentives of the two Land Registry Offices for 2015 and 2016 respectively amounted to Rs. 92,000 and Rs. 41,100 was not made available to the creditors.	Action should be taken to account properly.	Stamp duty schedules are sent out every year for a few years and credit bookings are difficult to allocate. However, arrangements will be made to do so in the next year.

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| (iii) | The audit fees for the previous year amounted to Rs. 210,679 Expenditure for the year under review was accounted for, and no credit provision was made for the audit fees for the year under review. | Provision should be made to the accounts for the audit fees. | Audit fees for the previous year on accrual basis were accounted for as an expense in the year under review, and credit allocation was recognized as a deficiency in the year under review. |
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(c) Un reconciled Accounts

----- Audit Observation -----	Recommendation	Comments of the Accounting Officer -----
(i) According to the Board of survey, the total value of the five account items was Rs. 115,296,248, According to the financial statements, that value is Rs. 117,838,619, or Rs. 2,542,653 was the difference.	Identify the difference and take action to clear the accounts.	Changes have been identified in terms of inventory survey reports and financial statements in the electronic inventory, library books, vehicle machinery and subject matter officers have been notified when preparing financial statements for 2019 According to the financial statements a stock of drugs worth Rs.113,750
(ii) The total value of 14 balances at the end of the year under review was Rs. 195,866,866 and According to the supporting documents, Rs. 191,041,889 of which Rs. 4,824,977 was the difference.	Identify the differences and take action to clear them.	Action will be taken to rectify the financial statements relating to the year 2019 by looking at the differences between the values of the 14 Account subjects and their respective scheules by the end of the year under review.

(d) Suspend Account

Audit Observation	Recommendation	Comments of the Accounting Officer
As at 31 December 2018, Rs. 947,227 had not been made to settle the Suspend Account balance.	Action must be taken to settle.	Action will be taken to settle accounts for the year 2019.

(e) Accounts Receivable and Payable

(i) Accounts Receivable

Audit Observation	Recommendation	Comments of the Accounting Officer
Total Accounts Receivable Balance which was over one year as at December 31, 2018 was Rs. 2,278,674.	Necessary steps should be taken to collect the receivable money.	Funds have been provided for two out of five projects of the Ruwanwella Pradeshiya Sabha and the balance has been requested. Legal action has been taken to recover shortage of meat, fish market rent, fines and arrears. The outstanding general market stall rentals and fines amounting to Rs. 152,890 and the non-market stall rentals of Rs.502,517 were collected on 19 July 2019. Taxpayers have been asked to pay the balance and the arrears are Rs. 1,000 charged per license fee.

(ii) Accounts Payable

Audit Observation	Recommendation	Comments of the Accounting Officer
The total outstanding balance of accrued account balances as at December	Action must be taken to settle.	A total of Rs. 1,168,442 has been saved from 2006 to 2016 under various deposits. Work

31, 2018 was Rs.
8,690,445.

on this amount is underway.

1.4 Non- Compliance

1.4.1 Non – compliance with Laws, Rules Regulations and Management Decisions

Refer to Laws, Rules, Regulations and Management Decisions	Non-Compliance	Observations	Comments of the Accounting Officer
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(a) Pradeshiya Sabha Act No 15 of 1987

(i) Section 154 and the Circular of the Commissioner of Local Government of 2005/04 dated 01 June 2005	The actual sale charges of 12 plots of land for sale from 2010 to 2016 had not been collected.	Action should be taken to recover.	Cannot find deed details in 03 plots of landThe deed details of the two plots of land have been referred to the Revenue Inspector and land sales tax has been determined. The survey plan of one land has not been approved.
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Another land has been weeded and no one has settled. Details of lands sold in another land have been given to the Revenue Inspector.

(ii) Section 158 (1)	As at 31 December 2018, the outstanding balance was Rs. 976,385 of assessments and acreage taxes, No legal action was taken in terms of the Act.	Legal action should be taken.	While action has been taken to recover the arrears of taxes and acreage tax, the field of inquiry has been assigned to the Revenue Inspector to take necessary action to deduct the arrears of the property which had been vacated during the new
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| (b) Financial Regulations of the Democratic Socialist Republic of Sri Lanka | The advance received amount of 303,727 in 20 occasions in 2018, which had been settled with a delay of 7 days to 162 days. | Must act in accordance with Financial Regulations. | assessment.
On 23 May 2019, all officers in the office are advised to pay the advance immediately after the completion of the work in accordance with Rule 371 (2) (31) of the Financial Regulations. |
| (i) Financial Regulations. 371 (2) (c) of th | | | |
| (ii) Financial Regulation 371 (5) | All interim imprests must be paid by 31 December of the relevant year, prior to 2001. Rs. 625,651, and Rs. 534,282 of unpaid advance between 2012 and 2018 were not dealt with. | Shall comply with the Financial Regulations . | No document can be found on the prevailing balance of Rs. 625,651. Action will be taken to resolve the issues with regards to the unpaid advances amounting to Rs 534,282. |
| (iii) Financial Regulations 571 | Non-refundable Deposits of Rs. 1,056,378 for the period 2006 to 2016, Various deposits and tender guarantees have not been complied with in terms of Financial Regulations. | Must act in accordance with Financial Regulations. | On 31 December 2018, Rs. 2,648,822 has been brought to the Government Revenue. Further, they are dealing with the deposits in the deposit register. |

2 Financial Review

2.1 Financial results

According to the financial statements presented, the income beyond the recurrent expenditure of the sabha for the year ended 31 December 2019 was Rs. 10,478,780 correspondingly, the revenue over recurrent expenditure of the previous year was Rs. 7,853,382.

2.2. Revenue Administration

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

Details of Estimated Revenue, Billed Revenue, Gross Income and Arrears of Revenue for the year under review and the previous year are given below.

Source of income	2018				2017			
	Estimated Revenue	Billed Revenue	Revenue Collected	The deficit as at 31 December	Estimated Revenue	Billed Revenue	Collected Revenue	The deficit as at 31 December
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Rate And Taxes	3,187,000	4,259,303	3,102,285	1,157,018	3,288,000	2,785,317	2,335,381	449,932
Rent	9,041,200	12,339,336	8,574,231	3,765,105	9,627,000	7,737,570	7,563,928	173,642
License fee	610,100	677,460	677,460	-	535,100	535,100	535,100	636,517
Other Revenue	72,954,800	66,077,240	45,929,762	20,147,480	18,760,000	-	9,420,165	-

2.2.2 Rates And Taxes

Audit Observation	Recommendation	Comments of the Accounting Officer
The sabha had not identified the areas that had been developed for 12 years and made a new assessment and collected the the assessments tax and assessment of areas was temporarily suspended until permanent solution to the garbage disposal problem was found.	Action should be taken to identify the areas where the assessment tax is taxable and to undertake a new assessment and solution for the disposal of garbage should be found and suspension rates should be imposed.	The land has been handed over to us by the Land Reform Commission. Therefore, as the garbage disposal process can be implemented in the future, steps will be taken to identify the areas where the assessment tax can be levied and conduct a new assessment and expand the assessment tax area.

2.2.3 Rent

Audit Observation	Recommendation	Comments of the Accounting Officer
General Market related to leasing of meat and fish stalls Rs.5,304,688 had to be paid arrears by the end of the year under review.	Action should be taken to recover the rent.	As of December 31, 2018, the general market arrears were Rs. 4,872,370 and general non-market arrears of Rs. 1,372,325.

Out of that, the general market shortfall is Rs. 284,600 was recorded in 2018 and Rs.502,517 was recorded in 2019. Rs. 152,890 of general market rent was levied in 2019.

2.2.4 Other Revenue

----- Audit Observation -----	Recommendation -----	Comments of the Accounting Officer -----
According to the Gazette Notification 2051 dated 22 December 2017, it was planned to collect a 0.5 per cent tax on the capital value of undeveloped lands in the council area, but no survey was conducted to identify such lands in the year under review.	Comply with the relevant gazette notifications	A 0.5% tax has been gazetted for undeveloped lands in the area, but no such activity has yet been done. Action is being taken to carry out a survey of such lands under the guidance and guidance of top officials.

2.2.5 Advertising

-----	Recommendation -----	Comments of the Accounting Officer -----
The amount of Rs. 172,892 had not been charged for 72 advertising boards in 2016 and no action had been taken to carry out a survey on advertising during the year under review.	You need to conduct a survey and collect the fees.	A survey of the notice boards was carried out to recover the information.

2.2.6 Court fines and stamp fees

----- Audit Observation -----	Recommendation -----	Comments of the Accounting Officer -----
The court fines and stamp fees payable by the Chief Secretary of the Provincial Council and other authorities are Rs. 17,152,889 and Rs.30,015,547 as at 31 December 2018	Action should be taken to recover.	Receivable court fines amount of Rs.17,152,889 as of at December 2018 out of Rs. 8,739,880.00 Received by the House on February 18, 2019. A request has been made to the Ratnapura

Provincial Council to get the remaining amount (for 2018). Steps will be taken to obtain the relevant stamp duty for the last 5 years and to reduce the stamp duty on the remaining years.

3. Operational Review

3.1 Performance

Following are the observations on the functions 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	Comments of the Accounting Officer
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The Gazette Notification No. 592 and the Gazette of January 5, 1990 had adopted the by-laws and the by-laws had to be enacted for four main purposes under section 126 of the pradeshiya sabha act. As at December 31, 2018 only two by-laws were enacted.	Action should be taken to enact by-laws.	Two of the four By-Laws were published in the Gazette of August 10, 2018 and October 12, 2018 and the remaining two By-Laws have been prepared and directed for interpretation.

(b) Solid waste management

Audit Observation	Recommendation	Comments of the Accounting Officer
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Due to the lack of a proper disposal site, the client was unable to provide the disposal facility and the church's Gally Bowser could not be used.	Waste management must be taken expeditiously.	Under the Pilisaru Project of the Central Environment Authority Rs. 18,089,500 and a solid waste management center at Idalpola was opened in the year 2014 and is currently in

the process of composting. Lands suitable for disposal of non-decaying garbage have been vested with the Land Reform Commission. Steps are being taken to dispose of non-decaying garbage

3.2 Human Resource Management

3.2.1 Employee vacancies and redundancies

Audit Observation	Recommendation	Comments of the Accounting Officer
<p>There were 127 approved Cardre and 104 actual staff, 25 vacancies and two redundancies.</p> <p>In addition there were 16 on contract basis, 4 on casual basis and 5 on other recruitment. An officer was appointed on the acting basis from 30 June 2017 to the post of Secretary of the Council.</p>	<p>Vacancies need to be filled and redundant workers need to be formalized.</p>	<p>There are eight vacancies and two excess officers. As the number of workers in the area is not adequate to regulate garbage management, 16 health workers and two posts of crematorium controller and crematorium assistant have been placed on service contracts. These posts have been sent for approval as per FR 71.</p>

(b) Loans for employees

Audit Observation	Recommendation	Comments of the Accounting Officer
<p>Employee Loans Receivable Employees Loans from 2002 to 2013 for six employees who have transferred, retired and left 128,956 had not been recovered.</p>	<p>Action should be taken to recover.</p>	<p>Steps have been taken to recover the loans of the six employees.</p>

3.2 Operating inefficiencies

Audit Observation	Recommendation	Comments of the Accounting Officer
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Trade licensing fees were not recovered from 11 Central Environment Authority licenses.	Action should be taken to recover the license fee.	Out of the 11 EPA licenses issued by the CEA, four have been charged for trading license fees and the rest are being processed.

3.3 Asset management

3.3.1 Idle and underutilized assets

Audit Observation	Recommendation	Comments of the Accounting Officer
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Although the Board of survey of 2016 had recommended that 6 vehicles and 3 of 11 vehicles and 11 machines were valued at a value of Rs. 7,478,100, which were inactive between 2012 and 2016, the legal documents including registration certificates were transferred to the owners of missing outlets or vehicle suppliers. Due to non-availability the work could not be completed.	Action should be taken to implement the recommendations of the Board of survey.	Action is being taken to locate the originals of the registration certificates of the vehicles and machinery and work is being undertaken to take ownership of the vehicles which have not been taken over.

3.4 Procurement

3.4.1 Procurement Plan

Audit Observation	Recommendation	Comments of the Accounting Officer
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The amount of Rs. 7,862,365 had been procured during the year under review but no procurement plan had been prepared.	Action should be taken to prepare a procurement plan.	The Procurement Plan for the year 2019 will be prepared and implemented properly.

4. Accountability and good governance

4.1 Submission of Financial Statements

Audit Observation	Recommendation	Comments of the Accounting Officer
Although Financial Statements were to be submitted on 31 March of the following year in accordance with Rule 168 (1) of the 1980 (Financial and Administrative) Rules. The Financial Statement for the year under review were presented on 21 May 2019	The financial statements should be submitted in a timely manner.	I will hereby submit financial statements for audit before 31st March every year.

4.3 Audit and Management Committees

Audit Observation	Recommendation	Comments of the Accounting Officer
Only one audit management meeting was held in December 2018 for the year under review.	The Audit Management Committees shall be duly constituted.	The Management Committee for the second quarter of 2019 was held on July 12, 2019 and the report will be presented to the Hon.

4.4 Unresolved audit observations

Audit Observation	Recommendation	Comments of the Accounting Officer
Rs. 2,368,062 received for various tasks were kept in the General Deposit Account without any further notice.	This money should be used to carry out the relevant tasks.	Acquisition of Divisional Secretariat, Ruwanwalla Imbulgoda Public Cemetery and Central Environment Authority – Pilisaru Project is working on the money in the deposit register for the Compost Project.