

Yatiyanthota pradeshiya sabha
Kegalle District

1. Financial Statements

1.1 Submission of Financial Statements

The Financial Statement for the year 2018 has been submitted to the audit on 27 March 2019. The summary report of the Auditor General on this Financial Statement and Management Audit Report have been sent respectively on 31st May 2019 and 25th June 2019 to the chairman.

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 Yatiyanthota Pradeshiya Sabha as at 31 December 2018 and its financial performance for the year then ended in accordance generally accepted accounting principles.

1.3 The basis for the qualified opinion

(a) Accounting deficiencies

Audit Observation -----	Recommendation -----	Comments of the Accounting Officer -----
(i) Staff Allowance for Collection of Court Fines for 2016 and 2017 Rs. 270,690 and audit fees for the previous year amounted to Rs. 82,567 were accounted as expenditure in the year under review.	Must be properly accounted for.	will ensure that such shortcomings are not repeated.
(ii) Received in the year under review, on behalf of the Local Government Industry Administration last year of Rs. 217,910 was	Must be properly accounted for.	I will ensure that such shortcomings are not repeated.

recorded as revenue in the year under review.

(b) Unreconciled accounts

Audit Observation	Recommendation	Comments of the Accounting Officer
As at end of the year under review, financial statements of four accounting subjects amounted to Rs. 2,273,882 was the difference.	Accounts should be corrected by comparing the changes in the balance.	A December 2018 salary reimbursement of Rs. 182,582 have been received in February 2019. Steps will be taken to investigate and correct the employees' debts next year. The change of 390 stamps duty will be settled in 2019 and action will be taken to rectify the shortcomings in the accounting process. Due to Rs. 12,000 not had been reimburse as Members allowance , Letters had been sent to collect the relevant members .

(c) Suspense accounts

Audit Observation	Recommendation	Comments of the Accounting Officer
From the year 2016, the financial statements were presented in Rs. 65,621 had failed to settle the outstanding Suspense account balance.	Adjustment of uncertain accounts should be made as necessary	Action has been taken to settle the when preparing the 2019 account.

(d) Accounts Receivable and Payable

(i) Accounts Receivable

Audit Observation	Recommendation	Comments of the Accounting Officer
Revenue receivable over a period of one year to the end	Action should be taken to recover the balance due.	Arrangements have been made to collect the revenue receipts

of the year under review was
Rs. 120,000.

from the relevant councilors.

(ii) Accounts Payable

Audit Observation -----	Recommendation -----	Comments of the Accounting Officer -----
Total of accounts payable over one year after the end of the year under review. Rs.3,306,679.	Action should be taken to settle the outstanding balance.	In the year 2019, Rs. 1,721,115 accounts payable have been settled.

1.4 Non-compliance

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

Refer to Laws, Rules, Regulations and Management Decisions -----	Value -----	Non-compliance -----	Comments -----	Comments by the Accounting Officer -----
	Rs.			
(a) Sections 158 and 159 of the Pradeshiya Sabha Act No 15 of 1987 and the Local Pradeshiya Sabha Finance Act 5 of 1988 and the Administrative Rules 33	86,181	Action had not been taken to levy the assessment tax and the acreage which had been over a year.	The arrears of taxes shall be recovered in accordance with the Act.	Plans are afoot to recover all the assessment arrears and acreage taxes on 30 June 2019.
(b) Financial Regulation of the Democratic Socialist Republic of Sri Lanka				
(i) Financial Regulations (i) 571 (2).	68,611	No action had been taken to settle common deposits, which had been accounted for from 2006 to 2015	The financial regulations should be complied with.	Action has been taken to settle common deposits of Rs.399,749 from 2006 to 2015, Action will be taken to send the final reminder letter to the Revenue

			after releasing the balance.
(ii) Financial Regulations 1646	-	The running charts of four vehicles had not been submitted to audit for the year under review	The Financial Regulations should be complied with. Action will be taken to send out monthly vehicle running charts and monthly summaries from the year 2019 onwards.
(c) Paragraph 3.1 of the State Administrative Circular No. 30/2016 dated 29 December 2016.	-	Fuel consumption of five vehicles belonging to the council had not been examined.	Circular instructions should be complied with.. Appoint a committee to check the fuel consumption in the vehicles owned by the council and this committee has conducted tests on three tractors, will do the fuel checks on the remaining vehicles.
(d) Circular of the Commissioner of Local Government, dated May 17, 1988, No. 22 of 1988/22	-	Estimation of Assessment once every five years has not been done since 2012.	Circular instructions should be complied with.. New Assessment for the year 2019 is currently in progress.

2 . Financial Review

2.1 Financial Outcome

According to the financial statements presented, the income beyond the recurrent expenditure of the Sabha for the year ended 31December 2018 was Rs. 11,301,488 and correspondingly, the revenue over recurrent expenditure of the previous year was Rs.. 8,042,506.

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

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

Source of income	2017				2018			
	Estimated income	Billed Income	Income Collected	The deficit as at 31 December	Estimated Income	Billed Income	Collected Income	The deficit as at 31 December
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Assessment and Taxes Income	4,959,036	4,959,036	4,257,495	790,972	4,356,345	4,356,345	3,532,844	823,501
Rent	5,759,118	5,759,118	5,648,196	203,671	91,136	91,136	19,385	71,750
License fee	828,335	828,335	775,151	53,184	1,365,682	1,365,682	1,352,531	13,150
Other Assessment	74,993,272	74,993,272	56,611,312	26,762,732	14,052,447	14,052,447	3,363,031	17,415,479

2.2.2 Land Leasing

Audit Observation

Land leases at the beginning of the year under review of Rs. 77,240 had not been recovered .

Recommendation

Action should be taken to recover the arrears.

Comments of the Accounting Officer

Due to conflicts with the ownership of the land, the Petroleum Corporation does not pay the rent and Once the issue is resolved, will start collecting taxes.

2.2.3 Court Fines and Stamp Duty

Audit Observation

The court fines owed by the chief secretary of the provincial council and other authorities amounted to Rs. 5,528,547 and stamps amounting to Rs.17,602,939 on 31 December 2018

Recommendation

Action should be taken to recover arrears.

Comments of the Accounting Officer

preparing a court fine schedule and that action will be taken to recover the outstanding amount immediately of Rs.12,868,689 have been forwarded to the Provincial Council for stamp duty.

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 , public roads, the welfare of the people, convenience and welfare of the people.under section 3 of the pradeshiya sabha act.

(a) By-laws

Audit Observation	Recommendation	Comments of the Accounting Officer
<p>Although by-laws should have been enacted to fulfill 18 main matters under section 126 of the Pradeshiya Sabha act by-laws had been only enacted 06 matters by 31 December 2018.</p>	<p>Provide by-laws and act accordingly.</p>	<p>The by-laws relating to 10 matters which are to be implemented under Section 126 of the Pradeshiya Sabha Act have been referred to the Assistant Commissioner of Local Government and Steps will be taken to rectify the shortcomings shown therein and to implement those by-laws promptly.</p>

(b) Action Plan

Audit Observation	Recommendation	Comments of the Accounting Officer
<p>As progress reports were not prepared according to the annual action plan, it was not possible to check if the expected targets were reached.</p>	<p>Progress reports should be prepared according to the action plan.</p>	<p>It is being implemented from the year 2019 and I will present the progress of it to the General Assembly half yearly.</p>

(c) Solid Waste Management

Audit Observation	Recommendation	Comments of the Accounting Officer
(i) No action has been taken to obtain a permanent water supply to the compost yard since 2008.	Action must be taken to obtain a water supply.	Since the National Water Supply and Compose yard is made above the water resource so drainage Board does not have access to water resources, it is not possible to buy water.
(ii) No healthcare system has been developed for the disposal of non-decaying waste.	Non-decaying waste Should be disposed of properly.	From time to time, the Chief Ministry has requested the Assistant Commissioner of Local Government to provide the necessary facilities.

(d) Sustainable Development Goals

Audit Observation	Recommendation	Comments of the Accounting Officer
The Council was aware of Agenda 20 of the Year 2030 on Sustainable Development Goals and and the long-term plans for improving the quality of life and health of the people in the church area have not been drawn up in global indicators to achieve those goals.	Sustainable development goals need to be achieved.	Long-term plans have been drawn up through the four-year plan.

3.2 Management – Inefficiencies

Audit Observation	Recommendation	Comments of the Accounting Officer
The Ministry of Local Government and Provincial Councils and Sabaragamuwa Provincial Council had not taken over the ownership of 10	The ownership of vehicles should be vested with the Sabha	Five vehicles donated by the Ministry of Local Government and Provincial Councils and five vehicles issued by the Sabaragamuwa Provincial Council will be taken over the

vehicles worth Rs.
35,267,420.

ownership registration
immediately after the approval
of the General Assembly.

3.3 Human Resource Management

Audit Observation	Recommendation	Comments of the Accounting Officer
(a) No of 12 employees had been recruited on casual basis and service contracts without filling the vacancies of 23 posts held in the approved staff.	Action should be taken to fill the vacancies.	01 Post of Management Assistant Posts had been filled. Other vacancy related details have been forwarded to the Assistant Commissioner of Local Government through monthly reports and semi-annual reports to the Secretary to the Chief Ministry.
(b) Rs. 187,605 has not been recovered from 40 retired, vacated their posts and transferred officers and employees relating to the period from January 1985 to August 2015.	Arrears of employees' loans should be recovered.	Rs.187,605 in arrears as at December 31, 2018 and to be recovered from those who may be recovered, will also cut off the debt of the deceased.

3.4 Operational Inefficiencies

Audit Observation	Recommendation	Comments of the Accounting Officer
Since there is no mechanism to dispose of the gully waste, the Gally service could not be provided during the year under review.	Urban waste disposal should also be regularized.	Gally waste was dumped into a sanitary pit at the Solid Waste Management Center in 2014 and due to public protests, the site could not be dumped. As there is no land available for the disposal of gully waste as a sanitation, arrangements will be made to purchase a land with necessary provisions and to set up a waste sanitation system.

3.5 Asset Management

3.5.1 Idle assets

Audit Observation	Recommendation	Comments of the Accounting Officer
Two storied and the ground floor of the building relating to the weekly fair and toilet system constructed under the Puranaguma project had been inactive since February 2017.	Should be enacted the earnings from the sabha property.	Although the new two storied building that was constructed under the "Paranaguma" project has been tendered several times, no tenders have been obtained so action is being taken to construct a tender and tenders on a decision of the sabha. Its basement meat stalls has also been set up for tender on a other trade on long-term lease basis. Meanwhile, the assessment has been referred to the Department of Valuation.
(b) Value Rs. 4,124,600 Six vehicles out of remained idle for 01 to 09 years.	The idle vehicle must be repaired or disposed.	After receiving the inspection report from the vehicle inspector regarding vehicles which have been idle for a long time, I will take action to repair or auction them.

4. Accountability and good governance

4.1 Management Budgetary control

Audit Observation	Recommendation	Comments of the Accounting Officer
Cumulative Rs 1,137,500 of the 34 budget items allocated by the budget for the year under review had not been fully utilized and between 50 and 99 percent of the allocation of Rs. 14,488,639 not utilized out of Rs 13,351,139 from 18 expenditure items.	Action should be taken to prepare a realistic budget.	The answer had not been submitted .

4.2 Audit and Management Committees

Audit Observation

Recommendation

Comments of the Accounting
Officer

No Audit and Management
Committee meetings were
held during the year under
review.

Audit and management
committees should be
established and maintain
successful internal
control.

Established in the year 2019
and is in operation.