

**Haliela Pradeshiya Sabha
Badulla District**

1. Financial Statements

1.1 Presentation of Financial Statements

The financial statements for the year 2018, had been presented for audit on 07 March 2019 and the summary report of the Audit General on the financial statements and the detailed management report had been forwarded to the Chairman on 31 May 2019.

1.2 Qualified Opinion

In my opinion, except for the effect of matters described in the basis for qualified opinion section of this report, the financial statements give a true and fair view of the financial position of the Haliela Pradheshiya 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 Qualified Opinion

a) Accounting Deficiencies

Audit Observation	Recommendation	Comments of the Accounting Officer
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(i) Under the lands and building of the financial statement the value of Electric sub center is Rs: 100,000. But an electric sub center belong to the Pradheshiya Sabha, was not in the administrative limits of the Pradheshiya Sabha.	Accounts should be prepared correctly.	Mistakes will be accepted. Action will be taken to post relevant assessment entries in the forward year.
(ii) Consumer goods valued Rs: 38,498 had been stated as fixed assets in the financial statements.	Accounts should be prepared correctly.	Mistakes will be accepted. Action will be taken to post relevant assessment entries.
(iii) Receivable fixed advertisements boards fesses respectively Rs:154,400 and Rs:48,225 had not been posted in the accounts.	Accounts should be prepared correctly.	Mistakes will be accepted. Balance of Rs:48,225 will be adjusted in year 2019 relevant to the balance of Rs: 154,400 due to noninformation will be acted in forward.

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| (iv) Arrears of court fines of Rs: 9,310,191 had been over stated and arrears of stamp fees of Rs: 9,684,172 had been under stated in the accounts, as at 31 December in the reviewed year. | Accounts should be prepared correctly. | Mistakes will be accepted. Action will be taken for adjustment in the forward year. |
| (v) Payable to local loan and development fund for forward year is Rs: 2,016,943 .But this Amount had been posted in the financial statement as a current liabilities. | Accounts should be prepared correctly. | Mistakes will be accepted. Action will be taken for adjusts in the forward year. |
| (vi) Four ten works ,that had been finished , a amount of Rs: 69,265 had been over allocated for debtors and creditors . | Accounts should be prepared correctly. | Mistakes will be accepted. Action will be taken for adjustment in the forward year. Mistakes will be accepted. |
| (vii) Employees security deposits investments of Rs: 27,702 had not been stated in the financial statements. | Accounts should be prepared correctly. | Action will be taken for adjustment . |
| (viii) Value of machinery that had been removed in the previous year is Rs: 392,553 .But herein before ,mentioned value of machinery ,had not been removed in the accounts. | Accounts should be prepared correctly. | Mistakes will be accepted. Action will be taken for adjustment . |

(b) Intangible Liabilities

Audit Observation

Recommendation

Comments of the Accounting Officer

Information of the two filed cases against to the council vested by the two external partners, had not been disclosed in the financial statement 31 st December in the year under review.

Intangible liabilities should be reveled in the financial statements.

mistakes will be accepted .Action will be taken to adjust the entries in the forward year.

(c) Unreconciled Accounts

----- Audit Observation -----	----- Recommendation -----	----- Opinion of the Accounting Officer -----
Amounting Rs.91,577,297 deference between ,the balance of six accounts. According to the financial statement and balances according to the schedules attached to the financial statements, had been appeared	Registers and sub schedules by mention correctly and by find the reasons for unreconciliations should be rectified.	Difference will be accepted .Action will be taken to rectify by the recheck in the forward year.

(d) Lack of Evidence for Audit

----- Audit Observation -----	----- Recommendation -----	----- Opinion of the Accounting Officer -----
It was unable to verify satisfactorily vouched in audit .Due to non presented ,the four items of assets valued of Rs: 53,260,104 ,the one liabilities valued of Rs: 61,105,493 ,updated fixed assets registers.	Relevant to the evidences should be presented with correction. accounts at the audit.	Action will be taken for correction.

1.4 Non compliance

Non compliance with laws, rules, regulations and management decisions.

----- References to laws, regulations and management decisions. -----	----- Non compliance -----	----- Recommendati on -----	----- Comments of accounting officer -----
a)Pradheshiya Sabhas Act No: 15 of 1987 Section 139	In accordance with ability to value under annual valuation to impose assessment taxes for a house ,a building, a land or a house garden ,relevant term reports had not been called.	According to financial regulations relevant taxes should be collected.	Action will be taken to call the terms reports.

(b)Financial regulations of the government of the democratic socialist public of Sri Lanka.

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With regard to six cheques of Rs: 21,250 issued .But non realized ,had not been activated.

According to the financial regulations relevant cheques should be activated. Reminders letters had been sent to the relevant institutes .Action will be taken to correct balance.

(c)Establishment code of democratic socialist republic of Sri Lanka.

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Employee's loans receivable ,relevant to fourteen employees from more than six years, with regard to an amount of Rs: 153,723 receivable had not been charged.

Arrears of balances should be collected. Action will be taken to collect the amount of Rs: 94,411 and remove the other balances relevant to the other letters and registers due to had not in the office.

2. Financial Review

2.1 Financial Result

According to the financial statements presented ,the excess of revenue over current expenditure of the Sabha for the year ended 31 December 2018 , amounted to Rs: 7,687,228 as compared with the excess of revenue over recurrent expenditure of the proceeding year amounting to Rs: 13,943,245.

2.2 Revenue Administration

2.2.1 Estimated revenue ,revenue billed, revenue collected, and the arrears of revenue furnished for the year under review and the previous year appear below.

Source of revenue	2018				2017			
	Estimated revenue	Revenue billed	Revenue collected	Total arrears as at 31December	Estimated revenue	Revenue billed	Revenue collected	Total arrears as at 31December
	Rs:	Rs:	Rs:	Rs:	Rs:	Rs:	Rs:	Rs:
Rates and taxes	2,665,374	2,672,797	2,222,144	3,176,496	2,529,820	3,173,940	3,173,101	2,725,842
Rent	586,022	579,382	402,315	513,443	483,302	577,246	573,061	348,376
Other revenue	2,135,000	2,197,627	2,256,531	1,367,864	2,123,000	2,092,193	747,856	1,426,767
Total	5,386,396	5,449,806	4,880,990	5,057,803	5,136,122	5,843,379	4,494,018	4,500,985

2.2.2 Rates and Taxes

Audit Observation	Recommendation	Opinion of the accounting officer
a) Rates and Taxes		
(i) Suitable area to collect the rates had been identified in the year 2012 .here in after with regards to rates by identification the built up area ,by time to time to collect the rates had not been attended.	By identifying the built up area by time to time should be collected the rates, according to applying relevant action.	Action will be taken to collect the rates by identifyfaton the built up area.
(ii) Arrears of rates billed in the reviewed year is Rs: 2,610,831..Bythis Remaining balance arrears of revenue as at 31 December is Rs: 1,383,513 .It is a 53% by the revenue billed.	Arrears of rent should be collected.	Action will be taken to collect in future.
(iii) Arrears of rates existed , in the reviewed year is Rs: 2,699,343 .By this revenue non collected revenue is Rs: 1,846,845.	Arrears of rates should be collected.	By distraint the properties a part of arrears had been collected. Action will be taken to collect remaining arrears.
b) Lease rent		
Lease rent of Rs: 32,210 receivable by two properties belongs to the Pradheshiya Sbha had not been collected as at 31 December in the reviewed year.	Receivable arrears of lease rent should be collected	Action will be taken in future.

2.2.3 Stalls Rent

Audit observation	Recommendation	Opinion of the accounting officer
Receivable stalls rent of Rs: 83,559 by 25 stalls , belong to the Pradheshiya Sabha had not been collected as at 31 December in the reviewed year.	Arrears of stalls rent should be collected.	There was no inwriting evidences by 25 stalls belongs to the Pradheshiya Sabha. There for action will be taken to collect by remaining twenty three stalls.

2.2.4 Fixed Advertisements Board Revenue.

Audit observation	Recommendation	Opinion of the accounting officer
Receivable arrears of Rs: 202,625 relevant to fixed advertisement board fesses revenue had not been collected.	Arrears of revenue should be collected.	Mistakes are accepted. Balance of Rs:48,225 will be adjusted in the year 2019 . Action will be taken in forward year . Due to noninformations with regards to balance of Rs:154,400

2.2.5 Court Fines and Stamp fees

Audit observation	Recommendation	Opinion of the accounting officer
Arrears court fines amounted Rs: 12,951,800 and arrears of stamp fees amounted Rs: 21,449,152 had not been collected as at 31 December in the reviewed year.	Arrears of revenue should be collected.	Action will be taken to collect in the forward year.

3. Operating Review

3.1 Performance

The following matters were revealed with regards to duties , to be fulfilled by the Sabha in terms of section 03 of the Pradheshiya Sabha act, Such as Regularization and control of matters relating to public health, common amenities and public highways ,healthy environment of public facilities welfare etc.

(a) By Laws

Audit observation	Recommendation	Opinion of the accounting officer
By laws relating to thirty (30) main matters to be finished. Even should be imposed according to section 126 of Pradeshiya Sabha act , By laws relevant to only 24 matters had been imposed, as at 31 December in the reviewed year.	Non imposed by laws should be imposed.	Action will be taken with regard to non imposed six by laws.

(b) Action plan

Audit observation	Recommendation	Opinion of the accounting officer
Even an action plan had been prepared in the review year. Due to activities had not been identified, The activities that had actually occurred ,performance admiration ability had been lost.	An action plan should be prepared. Here in after performance admiration should be appeared at the end of the year.	Action will be taken to include the activities to the action plan in 2019, here in after action will be taken to admire the performance.

(c) Sustainable Development

Audit observation	Recommendation	Opinion of the accounting officer
With regards to united nation's sustainable development agenda '2030' had not been become aware. In the same manner sustainable development objects and targets, relevant to the council had not been identified.	Reachable progress of sustainable targets should be appeared.	Necessary action will be taken by identify.

3.2 Management Inefficiencies

Audit observation	Recommendation	Opinion of the accounting officer
(a) A verification had not been done to identify unauthorized buildings constructed in administrative council area.	A verification should be done for year 2019	Necessary action will be taken to verify.

- (b) Environmental security license Approval should be needed Necessary action will be taken.
had not been taken for solid to take fulfill for the posts of
waste management center over staff.
established in year 2010.

3.3 Human Resources Management

Audit observation	Recommendation	Opinion of the accounting officer
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(a) Over staff 29 employee were 07 approved carder 31 December	Over staf should be approued.	Manegment service department had been sent to approve
(b) The 20 vacancies relavant to the 9 post had not fuli filled 31 December under review	Vacancies should be fulfilled	03 of post were fulfilled

3.4 Assets Management

Vehicle Control

Audit observation	Recommendation	Opinion of the accounting officer
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non overtaking of ownership of the vehicles		
(a) ownership of the cab vehicle, received for donation in year 2014 ,had not been taken over to the council.	Ownership of the vehicle should be over taken.	Action will be taken to take over the vehicle.

Fuel Testing

- (b) According to section 3.1 of circular No : 30/2016 and dated on 29/12/2016 of secretary of ministry of public administration and management a fuel test of thirteen (13) vehicles, belong to the council had not been done.
- Fuel test according to the instruction of circular should be done.
- For fuel test have been informed to provincial mechanical engineer.

(c)

3.5 Procurement**Procurement plan**

Audit observation	Recommendation	Opinion of the accounting officer
A procurement plan had not been prepared in reviewed year.	A procurement plan should be prepared according to the annual budget.	A procurement plan will be prepared for the year 2019.

4. Accountability and Good Governance**4.1 Audit and Management committee.**

Audit observation	Recommendation	Opinion of the accounting officer
Audit and management committee for in the reviewed year had not been established .according to the circular dated on 09 th June 2019 and No D.M.A 2019(01) of management Audit department.	A audit and management committee should be established by the council.	Action will be taken to maintain the audit and management committee actively.