

**Ella Pradeshiya Sabha
Badulla District**

1. Financial Statements

1.1 Presentation of the Financial Statements

The Financial Statements of the year 2019 had been presented to the audit on 22 April 2020, the summary report of the Auditor General on those financial statements and the detailed management report had been forwarded to the chairman on 16 July 2020 and 21 July 2020 respectively.

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 Ella Pradeshiya Sabha as at 31 December 2019, and its financial performance for the year then ended in accordance with Generally Accepted Accounting Principles.

1.3.1 Basis for Qualified Opinion

a) Accounting Deficiencies

Audit observation	Recommendation	Comments of the Accounting Officer
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Although the balance of construction creditors as at 31 December of the year under review had been Rs. 3,453,397, It had been stated as Rs. 4,634,309.	It should be accounted correctly.	Action will be taken to correct.

b) Un-reconciled Accounts

Audit observation	Recommendation	Comments of the Accounting Officer
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The staff loan balance had been stated as Rs. 9,680,602 in the financial statements; while It had been shown as Rs. 10,163,369 in the Staff loan register, and the difference had been Rs. 482,767.	Account balances should be compared.	Action will be taken to correct.

c) **Lack of evidence for Audit**

Audit observation	Recommendation	Comments of the Accounting Officer
----- Fixed assets register, detailed schedules and title deeds relating to 08 items of accounts amounting to Rs. 382,686,695 had not been presented to the audit.	----- Evidence confirming account balances should be presented.	----- Required evidence will be provided with the Financial statements of the year 2020.

1.4 Non compliance

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

Reference to laws, rules regulations and management decisions	Non compliance	Recommendation	Comments of the Accounting Officer
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(a) Section 8(1) of Urban Development Authority Act No. 41 of 1978	Action had not taken regarding reported 58 unauthorized constructions in Sabha area from the year 2016 to 2019.	Action should be taken in accordance with the provisions of the Act.	Not commented.
(b) Section 10(1) (a)(g) of Part (II) of National Environmental Act, No. 47 of 1980 amended by Act No. 56 of 1988 and Act No. 53 of 2000	Hotels, guest houses and other places at Ella town have been discharged wastes to the open environment.	Action should be taken in accordance with the provisions of the Act.	Not commented.

2 Financial Review

2.1 Financial Results

According to the financial statements presented, the excess of revenue over recurrent expenditure of the Sabha for the year ended 31 December 2019 has been Rs. 6,560,686 as compared with the excess of recurrent expenditure over revenue of the preceding year amounting to Rs. 101,893.

2.2 Revenue Administration

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

Presented information relating to the estimated revenue, revenue billed, revenue collected and the arrears of revenue for the year under review and the preceding year are as follows.

Source of Revenue	2019				2018			
	Estimated Revenue	Revenue Billed	Revenue collected	Arrears as at 31December	Estimated Revenue	Revenue Billed	Revenue collected	Arrears as at 31December
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
i. Rates and Taxes	4,685,000	5,225,452	2,795,045	2,430,407	4,478,630	4,476,584	2,919,985	1,556,598
ii. Rent	2,085,280	1,025,116	720,160	304,956	2,200,000	1,474,116	829,476	644,640
iii. License Fee	-	1,993,005	1,993,005	-	-	2,525,800	2,525,800	-
Iv. Other Revenue	3,895,550	3,011,400	2,420,696	590,704	3,845,000	2,528,998	2,282,090	246,908
Total	10,665,830	11,254,973	7,928,906	3,326,067	10,523,630	11,005,498	8,557,351	2,448,146

2.2.2 Performance in Revenue Collection

Audit observation	Recommendation	Comments of the Accounting Officer
(a) Rates in arrears amounting to Rs.5,216,687 that had elapsed more than one year had not been recovered.	Rates in arrears should be recovered.	Action will be taken to recover Rates in arrears.
(b) Revenue debtors amounting to Rs. 31,867,245 and construction debtors amounting to Rs. 3,006,140 that had elapsed more than two years had not been recovered even in the year under review.	Receivable balances should be recovered.	Not commented.

2.2.3 Court Fines and Stamp Fees

Audit observation	Recommendation	Comments of the Accounting Officer
(a) Arrears of Court fines amounting to Rs. 2,637,960 and arrears of Stamp fees amounting to Rs. 11,552,584 due as at 31 December of the year under review had not been recovered.	Arrears of Court fines and arrears of Stamp fees should be recovered.	Most of the arrears of Court fines and Stamp fees have been received, and the rest will be recovered.

3. Operating Review

3.1 Performance

The following matters were revealed with regard to duties to be fulfilled by the Sabha in terms of Section 3 of the Pradeshiya Sabha Act, such as regularization and control of matters relating to public health, common amenities and public highways, healthy environment of the public, facilities and welfare.

(a) By-laws

Audit observation	Recommendation	Comments of the Accounting Officer
----- Although by-laws should be imposed for 30 purposes under section 126 of the Pradeshiya Sabha Act, by-laws have not been imposed for four purposes as at 31 December of the year under review.	----- By-laws should be imposed for the purposes that by-laws have not been imposed yet.	----- By-laws will be imposed for those purposes before 31 December 2020

(b) Sustainable Development Goals

Audit observation	Recommendation	Comments of the Accounting Officer
----- Although there was awareness with regard to “Sustainable Development Agenda-2030” of the United nations, Indexes for measuring sustainable objectives and goals which could be applied to the sabha had not been identified.	----- Indexes for measuring sustainable objectives and goals should be identified, and progress in reaching those should be measured accordingly.	----- Noted to take action.

(c) Environmental Issues

Audit observation	Recommendation	Comments of the Accounting Officer
----- Although a land of 5 acres had been given and prepared feasibility reports in order to construct a waste management center, It has not been constructed, and wastes have been discharged to the playground of Ella town.	----- Proper waste management system should be planned and implemented.	----- Waste management of that area will be started quickly.

3.2 Management Inefficiencies

Audit observation	Recommendation	Comments of the Accounting Officer
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(a) The Fixed asset register had not been updated properly.	The Fixed asset register should be updated properly.	Action will be taken to update properly.
(b) The expenditure creditors and contract creditors amounting to Rs. 6,984,352 that had elapsed more than two years had not been settled.	Action should be taken to settle.	Action will be taken to settle.

3.3 Operational Inefficiencies

Audit observation	Recommendation	Comments of the Accounting Officer
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1357 water connections had been provided by 18 water supply schemes, and 515 connections of them had been charged a fixed fee without installation of water meters.	Customers should be charged by installing water meters.	Action will be taken to install water meters.

3.4 Human Resource Management

Audit observation	Recommendation	Comments of the Accounting Officer
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17 vacancies had not been filled as at 31 December of the year under review.	Essential vacancies should be filled.	Requests have been made to fill the vacancies.

3.5 Annual Procurement Plan

Audit observation	Recommendation	Comments of the Accounting Officer
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A Procurement plan had not been prepared for the year under review.	A Procurement plan should be prepared.	A Procurement plan will be prepared for the year 2020.

4 Accountability and Good Governance

4.1 Audit and Management Committee

Audit observation

Recommendation

**Comments of the
Accounting Officer**

Only 01 Audit and Management Committee meeting had been held in the year under review.

Audit and Management Committee meetings should be held at least once in a quarter.

Audit and Management Committee will meet properly in the next year.