

Akkaraipattu Pradeshiya Sabha
Ampara District

1. Financial Statements

1.1 Presentation of Financial Statements

The financial statements for the year 2019 had been presented to Audit on 27 February 2020 and the summary report of the Auditor General on the financial statements and the detailed management report had been forwarded to the Chairman of the Pradeshiya Sabha on 29 May 2020.

1.2 Qualified Opinion

In my opinion, except for the effect of the 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 Akkaraipattu 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 Basis for Qualified Opinion

(a) Accounting Deficiencies

Audit Observations -----	Recommendations -----	Comments of the Accounting Officer -----
(i) Provision had not been made for audit fees for the year under review.	Action should be taken to make provision for audit fees.	Due to difficult in calculating audit fees for the year under review, they had not been included in the final accounting reports.
(ii) Stamp fees refund of Rs.1,798,336 received in the month of November of the year under review had been kept in the general deposit account without being shown as revenue.	All revenue of the year under review should be brought to revenue account.	Stamp fees amount is being considered as revenue in the same year when receiving it. Stamp fees refund for the year 2017 had been received in the month of September 2019 and stamp fees refund for the year 2018 to be received in the year 2020 had been received in the month of November 2019, thus stamp fees refund amount for the year 2018 had been debited in the deposit account in order to include it in the revenue of the year 2020 without being included in the revenue of the accounting year.

1.4 Non-compliances

Non-compliances with Laws, Rules, Regulations and Management Decisions

Reference to Laws, Rules, Regulations and Management Decisions	Non-compliance	Recommendation	Comment of the Accounting Officer
Section 217 and 218 of Chapter XIV of Pradeshiya Sabhas (Financial and Administrative) Rules of 1988.	Register of land and building had not been maintained as per P.S. – 46. Inspection in respect of land and building had not been carried out.	It should be followed in terms of rules.	At present, register in respect of land and building is being maintained. It will be submitted to audit during future audit.

2. Financial Review

2.1 Financial Results

According to the financial statements presented, the revenue over recurrent expenditure of the Sabha for the year ended 31 December 2019 amounted to Rs. 8,108,102 as compared with the corresponding the revenue over recurrent expenditure of the preceding year amounted to Rs. 3,388,857.

2.2 Revenue Management

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

Information on the estimated revenue, billed revenue, collected revenue and arrears of revenue presented relating to the year under review and the preceding year is given below.

Source of Revenue	2019				2018			
	Estimated Revenue	Billed Revenue	Collected Revenue	Total Arrears as at 31 December	Estimated Revenue	Billed Revenue	Collected Revenue	Total Arrears as at 31 December
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Rates and Taxes	-	-	-	-	-	-	-	-
Rentals	2,690,000	2,817,244	2,784,044	51,500	1,800,000	2,652,811	2,634,511	18,300
License Fees	400,000	439,150	439,150	-	335,000	348,900	348,900	-
Other Revenue	4,875,700	10,968,869	3,414,068	9,923,436	3,851,750	4,052,203	2,473,469	2,368,635
	7,965,700	14,225,263	6,637,262	9,974,936	5,986,750	7,053,914	5,456,880	2,386,935

2.2.2 Solid Waste Service Charge

Audit Observation	Recommendation	Comment of the Accounting Officer
----- Action had not been taken to compute and recover service charges for collecting solid wastes from houses, stalls and private institutions located under the purview of the Sabha.	----- Action should be taken to compute and recover service charges for solid wastes.	----- Action had not been taken to compute and recover service charges for collecting solid wastes from houses, stalls and private institutions located under the purview of the Sabha.

2.2.3 Stamp Fees

Audit Observation	Recommendation	Comment of the Accounting Officer
----- Actions had not been taken to compute and recover excess stamp duty recovered by the Department of Revenue of Eastern Province for the period from the year 2016 to 2019.	----- Action should be taken to prepare stamp duty documents for the arrears amount omitted and recover them.	----- Stamp duty which was over recovered in the years 2018 and 2019 had been received by communicating with Registrar Generals Department in this regard. Actions are being taken to obtain recoveries for other years.

3. Operating Review

3.1 Performance

The matters observed in respect of execution of activities that should be executed under Section 3 of the Pradeshiya Sabhas Act such as regularize and control over the matters of public health, public utility services and public thoroughfares and the comfort, convenience and welfare of the people are given below.

(a) By-Laws

Audit Observation	Recommendation	Comment of the Accounting Officer
----- By-laws should be prepared and implemented in respect of important matters for revenue and arrangement of the	----- Action should be taken to prepare by-laws and implement by obtaining approval.	----- By-laws for hotels, barber saloons, advertisements, bakeries and dangerous trades were prepared and forwarded for approval together with the

Pradeshiya Sabha in terms of Section 126 of the Pradeshiya Sabhas Act No. 15 of 1987. However, an approval had not been received for by-laws prepared in respect of 5 matters up to 31 December 2019.

Sabha sanction, actions are being taken to prepare by-laws in respect of matters for other revenue and arrangement.

(b) Action Plan

Audit Observation	Recommendation	Comment of the Accounting Officer
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<p>An annual action plan in respect of important matters to be implemented as per 05 by-laws prepared had not been prepared.</p>	<p>An annual action plan should be prepared.</p>	<p>An annual action plan to be implemented as per 05 by-laws prepared is being prepared now.</p>

(c) Sustainable Development Target

Audit Observation	Recommendation	Comment of the Accounting Officer
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<p>Every Public Institution should act in compliance with the 2030 Agenda on Sustainable Development adopted by the United Nations according to Sri Lanka Sustainable Development Act No. 19 of 2017. However, actions had not been taken by the Sabha to identify and achieve the goals in this regard.</p>	<p>Take actions to identify and achieve the goals and to establish the indicators required for measuring them.</p>	<p>Actions are being taken to identify the institution's goals in order to achieve the sustainable development goals and implement them.</p>

3.2 Management Inefficiencies

Audit Observation	Recommendation	Comment of the Accounting Officer
Title deeds of 07 lands extent of 505 Perches which are located office, libraries, public market and public playground of the Sabha had not been obtained by the Sabha	Action should be taken to obtain title deeds.	As soon as land survey maps are received for some lands, applications will be made for them and title deeds of lands will be obtained soon.

3.3 Human Resources Management

Audit Observation	Recommendation	Comment of the Accounting Officer
According to approved carder list, actions had not been taken in respect of 07 staff vacancies and 03 excess staffs.	Continuous action should be taken to fill the vacancies.	A request letter had been forwarded to the Secretary to the Chief Minister's Ministry in order to fill the vacancies of the post existed in the Sabha.

3.4 Utilization of Vehicles

Audit Observations	Recommendations	Comments of the Accounting Officer
(a) Three damaged tractors belonging to the Sabha were parked in the office premises.	Action should be taken to repair and use the tractors.	Vehicles kept in our Pradeshiya Sabha are being utilized in a rotation method due to there are only two drivers in our Sabha and in order to minimize the increasing maintenance expense and fuel utilization of vehicles, thus, above vehicles were parked and other vehicles are being utilized.
(b) Action had not been taken to transfer ownership of a Mahindra truck being used by the Sabha, to the name of the Sabha.	Action should be taken to transfer the ownership.	Documents of this Mahindra truck which was issued by other institution to our Pradeshiya Sabha had not been handed over. At present, actions are being taken to obtain relevant documents.