

Attanagalla Pradeshiya Sabha

Gampaha District

1. Financial Statements

1.1 Presentation of Financial Statements

The financial statements for the year 2019 had been presented for audit on 11 May 2020 and the summary report of the Auditor General on the financial statements and the detailed management report had been forwarded to the Chairman on 22 July 2020 and 30 September 2020 respectively.

1.2 Qualified Opinion

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

1.3.1 Accounting Deficiencies

Audit Observations	Recommendations	Comments of the Accounting Officer
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(a) The amount of Rs.1,714,526 that should be reimbursed for the construction of the safety fence of the maternal and child home at Horagollagama built by the Provincial Council fund had not been accounted as debtors.	Actions should be taken to account accurately.	Actions would be taken to correct in the future.
(b) Assets valued of Rs.1,640,302 had not been capitalized.	Actions should be taken to account accurately.	Actions would be taken to correct in the future.
(c) The value of the old Weekly Fair at Veyangoda of Rs.1,004,016 had not been removed out of the Assets Account.	Actions should be taken to account accurately.	Actions would be taken to correct in the future.
(d) The value of 13 projects not implemented of Rs.5,253,187 of capitalized and entered in the accounts in the year 2017 had not been removed from the accounts.	Actions should be taken to account accurately.	Actions would be taken to correct in the future.

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| (e) | 02 industrial deposits value of Rs.74,869 made the payments in the year under review had not been removed from the deposits account. | Actions should be taken to account accurately. | Actions would be taken to correct in the future. |
| (f) | Rs.37,813 and Rs.527,006 had been understated in the creditors account respectively regarding 02 Provincial Council projects and 03 "Gamperaliya" projects. | Actions should be taken to account accurately. | Actions would be taken to correct in the future. |
| (g) | The creditors account had been overstated by Rs.1,232,022 regarding 05 Sabha Projects. | Actions should be taken to account accurately. | Actions would be taken to correct in the future. |
| (h) | 53 Mobile phones purchased for the members of the Sabha valued of Rs.1,310,000 had not been capitalized. | Actions should be taken to account accurately. | Actions would be taken to correct in the future. |
| (i) | Rs.26,642,865 that should be reimbursed on 08 projects implemented during the year under review had not been accounted as debtors. | Actions should be taken to account accurately. | Actions would be taken to correct in the future. |

1.3.2 Lack of Necessary Documentary to Evidence for Audit

Audit Observations	Recommendations	Comments of the Accounting Officer
04 Items of assets and 02 items of responsibilities accumulated value of Rs.184,569,542 could not be satisfactorily vouched during the audit due to non rendition of the documents prove the possession of the assets, registers and documents.	The evidence showed should be rendered to the audit.	The documents are being updated.

1.3.3 Unreconciled Accounts

Audit Observations	Recommendations	Comments of the Accounting Officer
A difference of Rs2,685,47 had been appeared in the Opening balances stated in the miscellaneous deposits in the financial statements.	Actions should be taken to recognize the opening balances and correct them.	The difference occurred when the opening balances were brought forward would be corrected after necessary inspections.

1.4 Non Compliances

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

Reference to Laws, Rules, Regulations and Management Decisions	Non Compliances	Recommendations	Comments of the Accounting Officer
(a) <u>The Tax and Valuation Act No.30 of 1946</u> Section 20	Even though the Rates should be assessed every 05 years assessment had not been carried out regarding 02 Sub Offices.	The rates should be assessed every 05 years.	An assessment on rates had been requested.
(c) <u>Financial Regulations of the Democratic Socialist Republic of Sri Lanka</u> i. F.R 396(b)	Actions had not been taken on 05 cheques of Rs.65,760 even though it had been 06 months after issued.	Actions should be taken according to the financial regulations.	Actions would be taken to add them into the revenue.
ii. F.R 571(1) and (2)	Actions had not been taken on the deposits of Rs.9,744,812 even though it had been over 02 years.	Actions should be taken according to the financial regulations.	Actions would be taken to add the deposits into the revenue.
(d) Circular No.1980/46 by the Commissioner of Local Government on 1980 December 31	Assessment reports for every 05 years had been obtained from 108 stalls belong to 02 Sub Offices out of 356 stalls.	An assessment should be carried out at least every 05 years.	Stall rent had been sent for the assessment.

2. Financial Review

2.1 Financial Results

According to the financial statements presented, the excess of recurrent expenditure over revenue of the Sabha for the year ended 31 December 2019 amounted to Rs.36,299,307 as compared with the excess of recurrent expenditure over revenue of the preceding year amounting to Rs.19,574,937.

2.2 Financial Control

Audit Observations	Recommendations	Comments of the Accounting Officer
Actions had not been taken to settle dishonoured cheques of Rs25,000 since year 2014.	Actions should be taken to settle the dishonoured cheques.	A financial loss had not been occurred by this.

2.3 Revenue Administration

2.3.1 Estimated Revenue, Revenue Billed, Revenue Collected and the Arrears of Revenue

Information relating to the 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	2019				2018			
	Estimated Revenue	Revenue Billed	Revenue Collected	Total arrears as at 31 December	Estimated Revenue	Revenue Billed	Revenue Collected	Total arrears as at 31 December
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
(i) Rates and Taxes	27,824,000	29,744,802	30,296,026	24,794,194	26,326,000	30,025,147	26,610,416	27,194,998
(ii) Rent	27,852,000	20,097,604	20,164,792	1,674,408	16,421,000	7,390,062	18,623,858	1,401,952
(iii) Licence Fees	1,305,000	1,426,674	1,426,674	-	1,723,000	,507,520	1,710,478	-
(iv) Other Revenue	99,927,000	100,263,16	78,737,842	122,676,645	85,185,000	85,045,651	104,317,836	105,270,206
Total	156,908,000	151,532,996	130,625,334	149,145,247	129,655,000	133,968,380	154,262,588	133,867,56

2.3.2 Rent

Audit Observations	Recommendations	Comments of the Accounting Officer
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(a) Actions had not been taken to recover the previous balances of Stall rent in arrears for more than 10 years from 27 Stalls owned by the Veyangoda Sub Office of Rs.3,863,080.	Previous money should be recovered.	Further actions would be taken to acquire the possession because no agreements had been made.
(b) Stall rent in arrears that should be recovered between 1 to 5 years from 42 Stalls owned by the Veyangoda Sub Office and 82 Stalls owned by the Egodapotha Sub Office of Rs.1,609,587.	The methods of recovering the stall rent in arrears should be developed.	Actions had been approached legally to recover the above amount.

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, public utility services and public thoroughfares, public comfort, convenience and welfare.

Audit Observation	Recommendation	Comments of the Accounting Officer
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(a) <u>By-Laws</u> By-laws had been imposed only 17 matters out of 30 main matters under Section 126 of the Pradeshiya Sabha Act No.126 as at 31 December 2019.	Necessary By-laws should be imposed.	The by-laws on 19 matters should be prepared.
(b) <u>Action Plan</u> An action plan on 08 tasks that imposed by-laws by the Sabha had not been prepares.	The necessary provisions should be obtained by entering all the tasks that should be completed in the Actions Plan.	The Action plan would be prepared and forwarded as soon as possible.

(c) **Targets on Sustainable Development**

Plans for making the Public life and health higher within the Authority of the Sabha by the global indices according to the Schedule of the Sustainable Development Targets -2030 had been made only for the year 2018-2022. The tasks Distributing roofing sheets among 14 poor families and commencing a day care center under providing donations for the poor people had not been done.	The Sustainable Development Plan should be accomplished within the relevant time period.	The progress of that Sustainable Development Target had been delayed to forward to audit.
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3.2 Management Inefficiencies

Audit Observations -----	Recommendations -----	Comments of the Accounting Officer -----
50 chairs out of 615 chairs had been distributed purchased in august 2019 for Rs.690,030 to distribute among the Community Boards.	The purchases should be done according to the relevant circulars and issued them timely.	Steps would be taken to distribute the rest of the chairs in the future.

3.3 Human Resources Management

Audit Observations -----	Recommendations -----	Comments of the Accounting Officer -----
(a) 04 posts of revenue inspectors since the year 2010 and year 2015 and 11 primary level posts since 2019 had been vacant.	Actions should be taken to fill the essential vacancies.	Actions would be taken to fill the primary level vacancies after the election.
(b) A post in management assistant and a post in technical officer had been excess since year 2018.	Actions should be taken to approve the excess cadre.	A technical officer post had been excess.
(c) <u>Employee Loans</u> The employee loan balance that had not been recovered between 1 to 10 years of Rs.179,231.	The loan balance in arrears should be recovered.	Details about one person of Rs.16,337 among the above balances could not be found.

3.4 Assets Management

Audit Observations	Recommendations	Comments of the Accounting Officer
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Actions had not been taken to construct safety fence by recognizing the boundaries of 71 common lands.	Safety fence for the lands owned by the Sabha should be built.	Actions would be taken in the future.

3.5 Uneconomic Transactions

Audit Observations	Recommendations	Comments of the Accounting Officer
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(a) <u>Construction test</u> The well in Udurara Goraka had been observed not used by anyone, developed by spending Rs.748,770 of the Provincial Council Fund. This expenditure spent on renovating this well had been uneconomic.	The Sabha funds should be used for effective tasks.	Actions had been taken with the Community Board as to use the well in the Drought season.