

**Alawwa Pradeshiya Sabha
Kurunegala**

1. Financial Statements A

1.1 Presentation of Financial Statements

The financial statements for the year 2019 had been presented to the Audit on 01 April 2020. The summary report of the Auditor General relating to those financial statements, and the detailed management audit report had been submitted to the Chairman on 24 June 2020 and 22 July 2020 respectively.

1.2 Qualified Opinion

In my opinion, except for the effect of the matters described in paragraph “Basis for qualified Opinion” of this report, the financial statements give a true and fair view of the financial position of the Alawwa 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

Audit Observation	Recommendation	Comment of the Accounting Officer
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(a) Computer accessories worth Rs.37,280 had not been accounted for.	Action should be taken to account for correctly.	It is accepted that 09 computer batteries worth Rs. 36,530 and Dell Keyboard worth Rs.750 had not been accounted for under computer accessories.
(b) Equipment stock balance had been overstated by Rs. 197,674.	Steps should be taken to include accurate values in financial statements.	It is kindly inform that incorrect values have been accounted for due to errors in quoting from stock books and the relevant officers in charge of the subject are instructed to give correct values.

(c)	There was a difference of Rs. 230,995 between the balance stated in the financial statements for the year under review relating to 03 items of accounts and the relevant schedules.	Action should be taken to correct the accounts by reconciling the changes in the relevant balances.	Distress loan of Rs. 228,660 paid on 19.12.2019 had not been included in the schedule as on 31.12.2019 due a mistake and it is kindly informed that action will be taken to reveal the difference and correct it.
(d)	Deeds and relevant schedules for 2 items of accounts amounting to Rs.7,307,026 had not been submitted for audit.	Evidence confirming the account balance shown in the financial statements should be submitted.	The lands have been included in the register of fixed assets by previously giving a provisional valuation. At present, steps are being taken by holding discussions with the Divisional Secretary of Alawwa Pradeshiya Sabha to obtain transfer orders. From the year 2019, a Local Government Pension Creditors Register was initiated and submitted for audit.

1.4 Non compliance

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

Reference to Laws, Rules, Regulations and Management Decisions	Non-compliance	Recommendation	Comment of the Accounting officer
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Rules and statute provisions

Gazette Notification of the Democratic Socialist Republic of Sri Lanka No. 2099 dated 23 November 2018	Charge up to 1 per cent had not been recovered from the Tourist Board-approved Alawwa Bird Park Hotel and Nipuna Restaurant.	Action should be taken to recover the due charges.	Action will be taken to recover the charge 1 per cent from the relevant hotel approved by the Tourist Board.
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02. Financial Review

2.1 Financial Results

According to the financial statements presented, the revenue of the Sabha in excess of the recurrent expenditure amounted to Rs. 6,520,211 for the year ended 31 December 2019 as compared with the corresponding revenue in excess of the recurrent expenditure amounting to Rs. 15,309,488 for the preceding year.

2.2 Revenue Administration

2.2.1 Estimated Revenue, Billed Revenue, Collected Revenue, and Outstanding Revenue

Details on the Estimated Revenue, Billed Revenue, Collected Revenue, and Outstanding Revenue presented for the year under review and the preceding year are as follows.

Source of Revenue	Year 2019				Year 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.000.	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
I. Rates and Taxes	4,649	4,320	4,276	410	3,502	2,894	3,447	366
II. Lease Rents	10,564	9,772	9,765	90	11,530	9,899	10,003	83
III. License Fees	842	631	631	-	1,928	2,061	2,093	-
IV. Other Revenue	34,414	74,177	74,921	40,553	90,871	74,343	63,409	41,297
Total	50,469	88,900	89,593	41,053	107,831	89,197	78,952	41,746

2.2.2 Rats and Taxes

Audit Observation	Recommendation	Comment of the Accounting Officer
Of the arrears amounting Rs. 365,793 as the beginning of the year under review, a sum of Rs.142,565 had been recovered during the year under review and out of recoverable balance of Rs. 223,228 , a sum of Rs. 126,857 was due as at 30 May 2020.	Action should be taken to recover further amount due for the preceding year.	Of the assessment tax and acreage tax in arrears, Rs. 96370.52 has been recovered by 30.05.2020 and Necessary action will be taken to recover the remaining arrears.

2.2.3 Lease Rent

Audit Observation	Recommendation	Comment of the Accounting Officer
(a) Seven stalls at the Alawwa bus stand remained idle without being given on lease.	Action should be taken to earn revenue to the Sabha by leasing out the stalls.	It is informed that action will be taken to issue tenders for 7 shops in the future.
(b) One shop had been transferred by the lessee to another party, but no new contract had been signed by charging transfer fee.	The circular of the Commissioner of Local Government (North Western) should be followed.	However, since the person concerned is already the lessee of the shop, action will be taken to inform her and to recover the fee, if not paid.

2.2.4 Other Revenue

Audit Observation	Recommendation	Comment of the Accounting Officer
----- No action had been taken to conduct a survey on the billboards in the sub-office limits of the Sabha area and to collect the relevant fees.	----- Action should be taken to conduct a survey and recover the relevant fees.	----- It is informed that all fees regarding billboards in the Sabha area will be charged through the Head Office and action will also be taken to recover the charges through the Sub-Offices in future.

2.2.5 Court Fines and Stamp Duty

Audit Observation	Recommendation	Comment of the Accounting Officer
----- The balance of court fines and stamp duty due as at 31 December 2019 was Rs.3,444,625 and Rs.37,108,059 respectively.	----- Action should be taken to recover arrears of court fines and stamp duty further remain recoverable.	----- It is informed that court fines and stamp duty of Rs. 22,433,860 have been received by now.

03. Operating Review

3.1 Performance

Environmental Issue

Audit Observation	Recommendation	Comment of the Accounting Officer
----- Sewage had been dumped in the forest reserve adjacent to the Waste Management Center, which had caused great damage to the environment as well as health.	----- Action should be taken so as to minimize the environmental issues.	----- Sewage waste drawn by the gully bowser in the bus stop public toilet is currently being dumped into a temporary pit in a portion of the solid waste project site. Although this is a

temporary measure, immediate steps will be taken to construct a permanent structure on the project site as per the proper method

3.2 Management Inefficiencies

----- Audit Observation -----	----- Recommendation -----	----- Comment of the Accounting Officer -----
(a) Out of the receivable balance of Rs. 45,977,203 as at 31 December 2019, a sum of Rs. 36,176,490 further remained recoverable by 30 May 2019.	Further action should be taken to recover the outstanding balances.	Assessment tax of Rs. 313,636.45 and the acreage tax was Rs. 27,252.00 has been received by 30.05.2020 and receivable court fine of Rs. 3,161,875 and the stamp duty of Rs. 6,542,467 had been received as on 12 March 2020.
(b) Out of the account balance of Rs. 33,058,007 payable as at 31 December 2019, a sum of Rs.11,042,506 remained unsettled for more than a year.	Action should be taken to settle the balance that needs to be further settled.	Out of the balance that has not been settled for more than a year, the pension credit balance is being paid monthly at the rate of Rs. 20,000 with the bill value relevant to the month.
(c) There was no age analysis of the of payable accounts balance amounting to Rs.7,272,981.	Action should be taken to identify and settle the balance or write off from books with formal approval.	Out of the payable balance of Rs.7,272,981, a sum of Rs. 6,991,276 is pension creditors and it is not possible to give a clear age analysis for this amount as most of these balances are still in existence before the date of establishment of the new Sabha on 01.04.2011.

3.3 Human Resource Management

(a) Cadre Vacancies and Excesses

Audit Observation	Recommendation	Comment of the Accounting Officer
There were 11 vacancies for 05 posts and 05 excesses for 03 posts in the primary sector and 12 employees had been recruited on casual basis.	Steps should be taken to fill the vacancies and to formalize the excesses.	The 12 employees who were recruited on a casual basis have been recruited with the approval of the Department of Local Government on exigency of the service and action will be taken to make recruitments for other posts after the resumption of recruitment as the recruitment process has been temporarily suspended.

(b) Employees Loans

Audit Observation	Recommendation	Comment of the Accounting Officer
The monthly unrecovered debt balance due to death, transfer and inability to find information amounted to Rs.63,653.	Action should be taken to update the documents and recover the outstanding debt balance..	Action will be taken to settle the dues.

3.4 Operating Inefficiencies

	----- Audit Observation -----	----- Recommendation -----	----- Comment of the Accounting Officer -----
(a)	The agreement period of 06 temporary stalls in Boyawalana given on rent had come to an end.	Arrangements should be made to enter into agreements and collect the rent.	It is stated that the relevant lessees will be informed and a new lease agreement will be signed in the
(b)	Two shops in the Boyawalana Public Market had been sub-leased and the lessee of one of the shops had entered into an agreement with the sub-lessee.	Provisions in the circular of the Commissioner of Local Government should be followed in connection with lease of stalls.	It is informed that if there are any shops that have violated the agreement, it will be dealt with after looking into the matter.

3.5 Assets Management

3.4.1 Non-acquisition of Assets

	----- Audit Observation -----	----- Recommendation -----	----- Comment of the Accounting Officer -----
	Thirteen assets owned by the Sabha had not been taken over by the Sabha.	The Sabha should take action to acquire the assets it enjoys.	As there are no deeds, discussions are underway with the Alawwa Divisional Secretary to take over such assets.

3.5.2 Idle and Underutilized Assets

	----- Audit Observation -----	----- Recommendation -----	----- Comment of the Accounting Officer -----
	Two hand tractors valued at Rs. 217,178 and two trailers valued at Rs. 72,000 remained idle.	Action should be taken to dispose of idle unusable assets.	Action will be taken to dispose of the idle and underutilized assets this year.