

Yatawatta Pradeshiya Sabha
Matale District

1 Financial Statements

1.1 Presentation of the Financial Statements

The financial statements for the year 2019 were submitted for audit on 28 February 2020 and the Auditor General's summary report and detailed management audit report on those financial statements were sent to the Chairman on 31 May 2020.

1.2 The Qualified Opinion

I am in an opinion that, except the effect on the financial statements of the matters referred under the section of the basis for a qualified opinion in this report, the financial statements had been prepared in accordance with generally accepted accounting principles and give a true and fair view of the financial position of the Yatawaththa Pradeshiya Sabha as at 31 December 2019 and financial results of its operations for the year then ended.

1.3 The Basis for a Qualified Opinion

1.3.1 Accounting Deficiencies

Audit observation -----	Recommendation -----	Accounting Officer's Commentary -----
(a) A receivable stamp duty income of Rs.704,136 had not been accounted for.	Receivables must be properly accounted for.	I will correct in the year 2020.
(b) An amount of Rs. 1,300,245 spent on development projects had not been capitalized.	Action should be taken to capitalize.	I will correct in the year 2020.
(c) The amount of Rs. 100,000 valued at 15 perches of land had not been accounted for.	Must be properly accounted for.	I will correct in the year 2020.

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|-----|--|---------------------------------------|----------------------------------|
| (d) | The value of the water bowser valued at Rs.535, 000 had not been capitalized. | Action should be taken to capitalize. | I will correct in the year 2020. |
| (e) | The amount of Rs. 200,000 to be paid to the Salagama Farmers' Association for the development of the Pamunudeniya by road had been left out from the accounts | Accounts should corrected. | I will correct in the year 2020. |
| (f) | To rectify the error of accounting for the completed work value of Rs.343,274 as Rs.313,274, the value of the building had been increased by Rs.283,274 by debiting Rs.313,274 to the building account during the year under review. | Accounts should corrected. | I will correct in the year 2020. |
| (g) | The interest due on a fixed deposit account maintained in the People's Bank of Rs. 127,181 had not been accounted for. | Must be properly accounted for. | I will correct in the year 2020. |

1.3.2 Non reconciled accounts

 Audit observation

Recommendation

Accounting Officer's

Commentary

 It had been observed a difference of Rs. 5,949,856 when compare the total amount of Rs. 54,752,805 of 09 accounts subject stated in the financial statements with their relevant schedules supporting documents.

 Action should be taken to correct the account balances.

 I will take actions to settle possible transactions and correct sub-documents in the future.

1.3.3 Accounts Receivable and Payable

(a) Accounts Receivable

Audit observation

Recommendation

Accounting Officer's

Commentary

There were receivable balances of Rs. 2,460,256 for more than 1 year and less 05 years and Rs. 31,960 for more than 5 years.

Action should be taken to recover arrears of income and receivables.

I will take action to recover the arrears and to write off the long standing arrears.

(b) Accounts Payable

Audit observation

Recommendation

Accounting Officer's

Commentary

Out of the balance of Rs. 5,166,910 over 1 year and less than 5 and Rs. 86,390 over 5 years, a balance of Rs. 38,676 had to be settled further.

Actions should be taken to settlement the payable balances.

I will take actions on this in the future.

1.3.4 Lack of written evidence required for the audit

Audit observation

Recommendation

Accounting Officer's

Commentary

Survey Board Reports and Schedules for 3 Audit Subjects valued at Rs.63,891,876 had not been submitted for audit.

Survey Boards Reports and schedules must be submitted.

I will submit correct reports and sub-documents in the future.

1.4 Non-compliance

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

References	Non-compliance	Recommendation	Accounting Officer's Commentary
To laws,rules and regulations and management decisions			
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(a) Pradeshiya Sabha Act No. 15 of 1987			
Article 24	It had not been keep a record of all the roads belonging to the sabha	Documents need to be updated.	Documents are being updated.
(b) 571 (3) of the Financial Regulations of the Democratic Socialist Republic of Sri Lanka	An amount of Rs. 192,339 was kept in the public deposit account on 9 occasions.	Action should be taken to release deposits that can be redeemed.	I will take actions to resolve this in the future.

2. Financial Review

2.1 Financial Results

According to the presented financial statements, excess of revenue over recurrent expenditure for the year ending 31 December 2019 amounted to Rs. 8,013,361 as compared with the corresponding excess of revenue over recurrent expenditure for the preceding year amounted to Rs. 8,675,629.

2.2 Revenue Administration

2.2.1 Estimated Revenue, Billed Revenue, collected Revenue and arrears Revenue

Details of estimated revenue, billed revenue, collected revenue and arrears of revenue for the year under review and the previous year are as follows.

Source of Income	2019				2018			
	Estimated Revenue	billed revenue	Revenue collected	Total arrears as at 31 December	Estimated Revenue	Billed amount of revenue	Revenue collected	Total arrears as at 31 December
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
(i) Rates and Taxes	1,323,000	1,227,578	1,046,675	181,000	1,087,000	1,398,987	1,272,854	199,501
(ii) Rent	235,000	215,050	215,050	-	1,221,000	-	1,020,275	-
(iii) Licences fees	1,075,000	911,150	911,150	-	915,060	-	1,039,458	-
(iv) other revenue	1,000,000	1,380,900	1,380,900	-	5,840,300	-	3,274,945	-
total	3,633,000	3,734,678	3,553,775	181,000	9,063,360	1,398,987	6,607,532	199,501

2.2.2 Acreage Taxes

Audit observation

An acreage tax amount of Rs.31,960 had to be received on the last day of the year under review.

Recommendation

The possibility of recovery should be considered.

Accounting Officer's Commentary

I will take actions to cut.

2.2.3 Water Charges

Audit observation	Recommendation	Accounting Officer's Commentary
----- Out of 129 water consumers involved in two water projects, Rs. 98,180 had not been recovered from outstanding water charges from 2010 and 2017.	----- Relevant fees should be charged.	----- Work is underway to cut back.

2. 2. 4 Court fines and stamp fees

Audit observation	Recommendation	Accounting Officer's Commentary
----- The court fines due on 31 December of the year under review were Rs. 1,993,189 and the stamp duty was Rs. 2,667,906 and by 12 May 2020, Rs. 1,831,188 and Rs. 783,500 had to be received respectively.	----- Receivables are should be recovered.	----- I will take actions to recover.

2. 2. 5 Surcharges

Audit observation	Recommendation	Accounting Officer's Commentary
----- An amount of Rs.32,259 had to be received on 31st December of the year under review as in respect of surcharges imposed by me in previous years against those responsible under the provisions of the Pradeshiya Sabha Act.	----- Action must be taken to recover.	----- I would like to mention that it has not been charged yet.

3 Operational review

3.1 Performance

Following are the observations on the perform the functions of Public Health, the regulation of matters of public utility services and the management of public roads, people in comfort, convenience and welfare of the Council to regulate and administer public health, public utility services and public roads under section 3 of the pradeshiasabha act.

(a) By-Laws

Audit observation -----	Recommendation -----	Accounting Officer's Commentary -----
No action had been taken to enact three by-laws..	Action should be taken to enact the necessary by-laws.	I will take actions k to enact by-laws in the future.

(b) Solid Waste Management

Audit observation -----	Recommendation -----	Accounting Officer's Commentary -----
.No action had been taken to take over the land where the waste is being disposed of and no action had been taken to obtain an environmental permit for the garbage project. Also, there was no focus on the production of carbon dioxide using biodegradable waste.	Action should be taken to acquire the relevant land, obtain an environmental permit, sell and recycle non-perishable waste.	We are in the process of acquiring the landfill and I would like to inform you that the environmental permit cannot be obtained until then.

(c) Sustainable Development Goals

Audit observation -----	Recommendation -----	Accounting Officer's Commentary -----
No formal plan has been prepared to achieve the Sustainable Development Goals as per Circular No. NP / SP / SDG / 17 of the Ministry of National Policies	Action must be taken to achieve the Sustainable Development Goals.	Expected targets could not be reached.

and Economic Affairs dated 14th August 2017. Despite this, Rs. 386,000 had been allocated for sustainable development programs in the budget and Rs. 191,714 had been spent for this purpose and total allocations of 04 projects which allocated an amount of Rs.145,000 had been remained totally without utilizing any.

3.2 Management inefficiencies

Audit observation

Recommendation

Accounting Officer's
Commentary

In the last four years, 398 development permits have been issued for building applications, but only 37 certificates of conformity have been issued.

Action should be taken to issue certificates of conformity.

All applicants have been informed to obtain Certificate of Conformity.

3.3 Human Resource Management

Audit observation

Recommendation

Accounting Officer's
Commentary

There were 11 vacancies in 07 approved posts in the Sabha.

Action should be taken to fill the vacancies.

The Department of Local Government and the Provincial Public Service Commission have been informed.

3.4 Operational inefficiencies

Audit observation	Recommendation	Accounting Officer's Commentary
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109 rubbish bins purchased for distribution at a cost of Rs.34,510 Retained on 12 May 2020, without distribution	Beneficiaries need to be identified and distributed.	I will take action to provide garbage bins to the relevant community in future.

3.5 Assets Management

Idle/Underutilized Assets

Audit observation	Recommendation	Accounting Officer's Commentary
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Although computers and equipment worth Rs. 607,617 were provided to implement the e-Nena Piyasa program of the Central Province Local Government Information Technology Promotion Project under the Provincial Specific Development Grants in 2012 but the project was not implemented until 12 May 2020.	Action should be taken to start the e-Nena Piyasa soon.	Referred to the Hon. Governor for approval to start a computer center.

4 Accountability and Good Governances

Internal Audit

Audit observation

Recommendation

Accounting Officer's
Commentary

The officer in charge of the subject of Internal Audit was unable to conduct an adequate internal audit during the year due to assignment of various subject related tasks in addition to those duties and no internal audit reports were submitted.

Only internal audit work should be delegated.

I would like to inform you that only the establishment of community boards and asset survey activities have been entrusted to that officer.