

Thalawakele Lindula Urban Council
Nuwara Eliya District

1. Financial Statements

1.1 Presentation of The Financial Statements

The financial statements of the year 2018 had been presented to the audit on the 28 of February 2019 and the summary report of the Auditor General was sent to the Chairman on 11 April 2019 and the detailed management report sent on 29 May 2019.

1.2 The Qualified Opinion

I am of opinion that, except the effect on the financial statements of the matters referred under the paragraph 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 state of affairs of the Thalawakele Lindula Urban Council as at 31 December 2018 and financial results of its operations for the year then ended.

1.3 The basis for a Qualified opinion

(a) Lack of written evidence required for the audit

Audit observation

Recommendation

Accounting Officer's
 Commentary

The net effect of Rs.345, 165 on accumulated surplus generate by an accounting subject worth of Rs. 2,425,000 and 02 journal entries worth of Rs.6,939,495 had not been satisfactorily vouched in audit due to non-submission of relevant evidence.

Presented evidence confirming the balances of the Financial statements.

industrial borrowers and creditors acquire by Journal notes

(B) Accounts Receivable and Accounts Payable

(i) Accounts Receivable

Audit observation	Recommendation	Accounting Officer's Commentary
An industrial debtor balance of Rs.1,633,428 that had elapsed year 2 to 15 had not been recovered.	It should be recovered the receivable balances.	Debtors have been informed and working are to get the money back .

(ii) Accounts Payable

Audit observation	Recommendation	Accounting Officer's Commentary
Five account balances worth of Rs.818,775 that had elapsed 05 to 07 years as at 31 December of the year under review had not been settled.	Actions should be taken to settle the payable balances.	That it would be appropriately settled.

1.4 Non-compliance

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

References To rules and regulations and management decisions	Non-compliance	Recommendation	Accounting Officer 's Commentary
(a) Financial Regulations No. 189 and 486 of the Democratic Socialist Republic of Sri Lanka	Actions had not been taken regarding the return cheque worth of Rs.557,217	Actions should be taken in accordance with financial regulations.	Action has been taken to initiate legal action on the relevant checks.
(b) No. 396 (d)	Actions had not been taken regarding cheques worth of Rs.16,080 that had elapsed 06 months.	Actions should be taken regarding Financial regulations.	Actions to be taken to transfer the unrealized cheques further more by informing relevant recipients.

(c) 570 and 571 of the Financial Regulations	Actions had not been taken regarding the deposit amount of Rs.78,378 that had elapsed 02 years after deposit.	Actions should be taken in accordance with financial regulations.	Actions are taking to regulate outdated deposits.
(d) Special gazette No.1523/16 dated on 25 January 2008 had published in accordance with National Environment Act No.47 of 1980 and regulations effect under it that amended by the Acts No.56 of 1988 and No.53 of 2000.	New environmental protection license had not been issued for 03 business entities that had had ended validity period.	Environmental protection license should be issued by conducting a survey about the business entities.	That the Environmental Protection License provided by the Environment Authority does not exist in the council and the businessman had awarded about the other license and taking legal actions since the businessman had not taken the acts to obtain business license.

2. Financial Review

2.1 Financial Results

According to the financial statements presented for the year then ended 31 December 2018, excess of revenue over recurrent expenditure of the Council amounted to Rs.10,096,333 as compared with the corresponding excess of revenue over recurrent expenditure for the preceding year amounted to Rs.8,777,807.

2.2 financial controls

Audit observation

Recommendation

Accounting Officer's Commentary

(a) Although the money not needed for immediate for the task of the council should be invested in securities according to subsection 158(4) of Municipal Council Ordinance an

Taking action to generate an income by investing in approved securities

The money invested in the development activities for the year 2019 to be in relation to estimates prepared that.

amount of Rs. 12,000,000 had been remained in 2 current accounts without investing.

- (b) A un realized receipt balance of Rs. 410,726 brought forward since 1993 as Bank Reconciliation Statement prepared for the month of December 2018 has not been settled. Actions should be taken to settlement by investing in this regarding. No clear evidence about this balances and audit instructions expect that to settlement.

2.3 Revenue Administration

2.3.1 Estimated Income, Billed Income, collected Income and arrears Income

Details of Estimated Revenue, Billed Income, collected Revenue and Arrears of Revenue for the year ended 31 December 2018 of the sabha are as follows.

source of income	2018				2017			
	estimated income	billed income	collected Income	total arrears as at 31 December	estimated income	billed income	collected Income	total arrears as at 31 December
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Lease rates and tax	6,612,500	5,480,131	4,375,708	3,395,510	6,125,034	5,805,627	5,495,110	3,144,513
Rent	7,529,289	9,071,720	7,499,718	5,716,044	4,035,600	5,054,607	4,742,083	1,447,396
License fee other	1,331,000	857,000	857,000	-	1,650,000	828,390	828,390	-
	10,631,986	1,675,917	1,626,429	8,919	3,810,000	3,621,251	2,926,909	3,433,774
total	26,104,775	17,084,768	14,358,855	9,120,473	15,620,634	15,309,875	13,992,492	8,025,683

2.3.2 Performance of revenue collection

Audit observation

Only an amount of Rs .858,500 or 30percent from the arrears had been recovered at the end of the year from Rs .4,618,850 of Rates, house rent, weekly fair fees and land tax rates shopping arrears at the beginning of the year under review, so it is not collected the arears satisfactory.

Recommendation

Taking action according to the provisions of the Urban Council Ordinance on the recovery of arrears of revenue.

Accounting Officer's Commentary

Action will be taken to recover the relevant dues before 30.06.2019

2.3.3 Court fines and stamp fees

----- Audit observation -----	----- Recommendation -----	----- Accounting Officer's Commentary -----
A receivable amount of Rs. 1,854,826 court fines and an amount Rs. 858,500 stamps duty as at 31 December of the year under review had not been collected.	Taking action to collect the relevant money to the Council.	Action will be taken to collect the relevant funds by sending letters to the relevant authorities.

3 Operational review

3.1 Performance

Following are the observations on the performance of the functions of the Council under the provisions of Section 4 of the of the Urban Ordinance, the regulation and control of public health, public utility services and public roads, the welfare, convenience and welfare of the public.

(A) Solid waste Management

----- Audit observation -----	----- Recommendation -----	----- Accounting Officer's Commentary -----
Although about 4.5 tons Garbage collected daily in area of authority of the council , however, quantity that send in to the compost yard had not a level of satisfactory hence about sixty percent of them former mixed garbage.	Do the as waste management way of most optimum and as nothing environmental damages.	The residents of the area have been informed that the garbage should be sorted out and also the council employees had informed to getting garbage by after grading.

(B) Sustainable Development Goals

----- Audit observation -----	----- Recommendation -----	----- Accounting Officer's Commentary -----
While the Pradeshiya Sabha had not adequately aware about Sustainable development objectives and targets and the specific tasks in this regard had not done in the year under review.	Planning to achieve sustainable development objectives and targets.	Answers had not been received.

3.2 Management Inefficiencies

Audit observation	Recommendation	Accounting Officer's Commentary
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(a) Arrears rental amount of Rs.304,607 that to be received from the 05 lessees leased out the stalls of Council last years had not been recovered .	Taking action to recover arrears	As the relevant cases are not in the council, they will act accordingly once the judgments are obtained from the court.
(b) An amount of Rs .890,400 that to be received for the 05 stalls which used by Talawakele general bus stand in the Sri Lanka Transport Board and the Transport Authority, had not been collected.	Taking action to recover arrears.	The Chairman of the Divisional Coordinating Committee has been requested to intervene to collect the money and accordingly action will be taken to recover the money.
(c) The cab of the Council inactive since 14 January 14 2018 and actions are not taking to disposal or taking to use by maintaining.	Taking actions to getting to use or to disposal.	The information of vehicle has been sent to Central Province Chief Secretary for auction.

3.3 Human Resource Management

Audit observation	Recommendation	Accounting Officer's Commentary
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There were 24 vacancies in 10 positions in the Council as at 31 December of the year under review.	Taking action to fill the relevant vacancies	The Commissioner of Local Government has been informed about this.

3.4 Operational inefficiencies

Audit observation

Although the monthly rent assessed for the stalls should be revised at least once in every five years according to the circular No: PA / 2016/3 dated 17 March 2016 of the Commissioner of Local Government of the Central Province, rental had been charged for the 30 stalls in the common market of the Council for the year 2018 based the assessed rental in the year 2007.

Recommendation

Revision of monthly rent as per the provisions of the relevant circular.

Accounting Officer's Commentary

Tax payers have been asked to renew contracts under the old valuation as the new valuation process is delayed.