

Athuraliya Pradeshiya Sabha
Matara District.

1. Financial Statements

Presentation of financial statements

Financial statements of 2019 had been presented for the audit on 28 February 2020 and Auditor General's summary report of such financial statements and detailed management audit report have been sent to the Chairman on 09 June 2020 and 15 June 2020 respectively.

1.2 Qualified opinion

It is my opinion that financial status of Pradeshiya Sabha of Athuraliya as at 31 December 2019 and financial performance thereof for the year ended by the same day are in compliance with generally accepted accounting principles and shown true and fair status by financial statements except the impact caused by matters described in the part of basis for the qualified opinion in this report.

1.3 Basis for the qualified opinion

(a) Accounting deficiencies

Audit observation	Recommendation	Comments by Accounting Officer
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(i) In miscellaneous adjustments it had been credited into consolidated fund less by Rs.4,267,729.	It should be accounted accurately.	Future actions will be taken to account correctly.
(ii) Although deficit of the income and expenditure account was Rs.2,099,448 at the end of the year under review, it had been over accounted by Rs.69,550 by adjusting it as Rs.2,168,998 into excessive deficit account.	It should be accounted accurately.	Future actions will be taken to account correctly.
(iii) Expenditure of Rs.350,000 borne for partition rooms of Ayurvedic Center in 2020 had been stated in financial statements as capital expenditure in the year under review.	It should be accounted accurately.	Future actions will be taken to account correctly.

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| (iv) | Value Rs.88,850 of equipment purchased at several occasions to develop fish market belonged to Sabha had not been capitalized under fixed assets. | All fixed assets should be accounted. | Actions will be taken to make it correct by capitalizing. |
| (v) | Income of the year had been stated less by Rs.68,350 due to stating in income and expenditure account as Rs.118,998 the billed income of permit fees Rs.187,348 of the year under review. | It should be accounted accurately. | Future actions will be taken to account correctly. |
| (vi) | Although Stamp fee income due to Sabha according to report of preparing stamp schedules by Dept. of Registrar General was Rs.2,949,120, income of the year had been over stated by Rs.4,497,760 by stating it as Rs.7,446,880. | It should be accounted accurately. | Future actions will be taken to account correctly. |

(b) Non - reconciled accounts

 Audit observation

 Recommendation

 Comments by
 Accounting Officer

Difference of total was Rs.133,947 between balance of 04 account subjects of total Rs.7,210,616 which are included in financial statements and related documents and schedules thereto.

Actions should be taken to compare differences of balances concerned and correct accounts.

Actions will be taken to identify different balances and make them correct.

(c) Unavailability of necessary documentary evidences for the audit

 Audit observation

 Recommendation

 Comments by
 Accounting Officer

In the audit it was unable to satisfactorily observe 07 account subjects of which Total Rs.148,365,922 since needy information was not presented.

Evidences by which account balances stated in financial statements are proved should be presented.

Actions will be taken to submit evidences.

1.4 Non - compliance

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

Occasions of Non - compliance to rules, regulations and management decisions are as follows.

Reference to rules, regulations and management decisions	Non - compliance	Recommendation	Comments made by Accounting Officer
(a) Pradeshiya Sabha Act No. 15 of 1987 Section 146	After property valuation made in 2012 for assessment purpose, re-valuation had not been done.	Should act as per the Act.	Future actions will be taken.
(b) Pradeshiya Sabha Rules of 1988 (Financial & Admin.)			
(i) Rule 33	List of persons who have neglected payments of assessments and warrants of property prohibition had not been prepared.	Actions should be taken as per rules.	List of persons who have neglected payments of assessments has been prepared by now.
(ii) Rule 193	Statements of reasons for actual expenditure of object codes, excess and deficit along with budgeted and supplementary passed expenditure had not been presented.	Should act as per rules.	It will be presented with accounts in the future.
(c) Financial Regulation of Republic of Sri Lanka			
(i) F.R.571	Actions had not been taken to dispose expired deposits of Rs.1,592,920.	Should act as per financial regulation.	Actions will be taken regarding expired deposits.

(ii) F.R.1646	Running charts and monthly summaries pertaining to 07 vehicles and machineries of the Sabha had not been presented to Auditor General.	Should act as per financial regulation.	Future actions will be taken to duly present running charts and monthly summaries of vehicles for the audit.
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2. Financial Review

2.1 Financial Results

As per financial statements presented, Sabha income exceeding recurrent expenditure for the year ended by 31st December 2019 under review was Rs.172,717 and comparing with the previous year income exceeding recurrent expenditure was Rs.3,058,865.

2.2 Income Administration

2.2.1 Estimated income, billed income, collected income and arrears of income

Information of estimated income, billed income, collected income and arrears of income pertaining to year under review and previous year are as follows.

Income source	2019				2018			
	Estimated income	Billed income	Collected income	Total arrears as at 31 st December	Estimated income	Billed income	Collected income	Total arrears as at 31 st December
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Rates & taxes	1,717,000	1,308,494	1,056,993	1,418,991	1,798,500	1,267,457	1,206,899	1,167,490
Rentals	2,185,000	3,116,696	3,049,972	70,410	3,985,000	1,363,365	1,377,217	3,686
Permit fees	223,500	159,684	128,214	33,470	243,100	255,146	254,231	2,000
Other income	9,057,000	8,830,389	3,493,129	21,291,332	5,950,000	9,522,903	581,413	15,954,072
Total	13,182,500	13,415,263	7,728,308	22,814,203	11,976,600	12,408,871	3,419,760	17,127,248

2.2.2 Rates & Taxes

Audit observation	Recommendation	Comments by Accounting Officer
(a) As at the beginning of the year under review balance of arrears of assessment was Rs.1,118,930 while sum of Rs.1,781,065 was to be recovered with billings and surcharges of the year Rs.662,135. Since total recoveries within the year was Rs.412,185 deficit was Rs.1,138,880 at the end of the year.	Arrears of assessment should be recovered soon.	It was unable to hold mobile service due to difficulty in field awareness because of unfavourable situation prevailed in the country.
(b) Initial balance of arrears of acreage was Rs.44,960 while billings of the year was Rs.12,395. Since total recoveries within the year was Rs.7,244 arrears was Rs.50,111 at the end of the year.	Arrears of income should be recovered soon.	Payments of acreage tax to Dept. of Agrarian Services Commissioner and unable to correctly identify property owners.

2.2.3 Other income

Court fines and stamp fees

Audit observation	Recommendation	Comments by Accounting Officer
As at 31 st December of the year under review sum of Rs.526,700 being court fines and Rs.20,732,306 being stamp fee were to be received from Chief Secretary and other authorities of Provincial Council.	Arrears should be recovered soon.	After the discussion held at Provincial Dept. of Revenue court fines are being received continuously.

3. Operating Review

3.1 Performance

As per section 3 of Pradeshiya Sabha Act, the Sabha was expected to perform duties such as regularizing and control of public health, public utilities services and matters pertaining to public roads, well being of people, convenience and welfare. Matters revealed pertaining to performance of such functions are as follows.

Audit observation -----	Recommendation -----	Comments by Accounting Officer -----
(a) Action plan -----		
Annual action plan had not been prepared for all functions to be done by the Sabha in the year under review.	Action plan should be prepared.	Approved at the general meeting held in January 2020.
(b) Solid waste management -----		
No proper methodology had been followed for disposal of garbage even by the end of the year under review and daily collection of 02 tons of garbage was being improperly disposed into a private land of Godapitiya.	Garbage should be disposed in a proper way.	Due to non availability of a land, garbage are disposed into a private land and covered with soil once a week.
(c) Sustainable development targets -----		
Sabha had not prepared long term plans for the improvement of living standard and health of people living within the Sabha area through global indexes aimed at sustainable development goals and targets in the agenda for sustainable development 2030.	Programs should be planed and carried out to achieve sustainable development goals and targets.	Allocation has been made to prepare pland in order to publish in detail through budget of 2020.

3.2 Management inefficiencies

Audit observation -----	Recommendation -----	Comments by Accounting Officer -----
Necessary actions had not been taken regarding 20 out of 27 unauthorized constructions revealed during period from 2017 - 2019.	Unauthorized constructions should be inspected and regularized.	Legal actions will be taken in future.

3.3 Human Resources Management

Audit observation	Recommendation	Comments by Accounting Officer
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(i) Actions had not been taken to fill 05 vacancies of approved posts and regularize excessive cadre of 02 employees.	Vacancies should be filled and excessive posts be regularized.	Actions will be taken to recruit after obtaining approval for vacancies.
(ii) An additional expenditure of Rs.1,919,921 had to be borne due to not assigning duties for Health and Road Labourers recruited and re-recruitment of employees on substitute basis.	Assignment of duties required for posts recruited should be done.	Assignment of duties is done by political authority.

3.4 Operating inefficiencies

Audit observation	Recommendation	Comments by Accounting Officer
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Although Backhoe of the Sabha had been deployed in service for a period of 941.4 meter hours for development purposes and incurred fuel expenditure of Rs.580,188 in the year under review, estimates of works to be done and reports of works done had not been prepared.	Estimates of works to be done and reports of works done should be prepared.	Deployed in service on instructions given by Chairman.

3.5 Assets Management

3.5.1 Non Assurance of protection of assets

Audit observation	Recommendation	Comments by Accounting Officer
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(a) No action had been taken by Sabha regarding 03 Sabha lands containing in extent 02 acre 02 roods 39 perches which were encroached.	Necessary actions should be taken soon.	Future actions will be taken.
(b) There had no deeds and survey plans for 13 lands belonged to Sabha.	Actions should be taken to prepare deeds and	Future actions will be taken.

survey plans for the lands.

3.5.2 Non vested assets

Audit observation	Recommendation	Comments by Accounting Officer
----- Actions had not been taken to acquire 05 lands containing in extent 05 acre 02 roods 06 perches used by the Sabha at the end of the year under review.	----- Actions should be taken to acquire all lands used by Sabha.	----- Actions will be taken to acquire.

4. Accountability and Good Governance

4.1 Internal Audit

Audit observation	Recommendation	Comments by Accounting Officer
----- No sufficient internal audit had been done for the year under review.	----- Sufficient internal audit should be done.	----- Sufficient internal audit will be done in future.