

Poojapitiya Pradeshiya Sabha
Kandy District

1. Financial Statements

1.1 Presentation of Financial Statements

The Financial Statements for the year 2019 were submitted for audit on 13th March 2020, and the Auditor General's summary report on those financial statements was forwarded to the Chairman on 14th May 2020 and the Detailed Management Audit Report on 30th June 2020.

1.2 Qualified Opinion

In my opinion, except for the effect of the matters described in the basis for the qualified opinion section of my report, Financial statement gives a true and fair view of the financial position of the Poojapitiya Pradeshiya Sabha as at 31st 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 Observation -----	Recommendation -----	Comments of the Accounting Officer -----
(a) The value of the 11 perch residential land at Pankiye Gedarawatta had not been accounted.	It should be accounted correctly.	Action will be taken to account in the future.
(b) The loan amount of Rs. 167,582 charged in instalments from a retired officer was kept in the Public Deposit Account.	It should be accounted correctly.	It will be credited to the Government Fund in the year 2020.
(c) In the year 2018, a cheque worth Rs. 62,904 written to the Widows and Orphans Fund was kept in the Public Deposit Account.	Payments should be made to the relevant institutions and the accounts should be corrected.	Action will be taken to rectify once the indemnity bond is received.

1.3.2 Non-Reconciled Accounts

Audit Observation -----	Recommendation -----	Comments of the Accounting Officer -----
There was a mismatch of Rs.10,194,032 between the 02 subjects of account according to the financial statements, and source documents.	Differences should be reconciled and rectified.	Correction will be made in the future.

1.3.3 Accounts Receivable and Payable

Audit Observation	Recommendation	Comments of the Accounting Officer
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(a) <u>Accounts Receivable</u> The total balance of accounts receivable for more than 05 years was Rs.109,951 and the arrears balance for 01 to 05 years was Rs.2,113,105.	Action should be taken to recover.	Action will be taken to recover in the future.
(b) <u>Accounts payable</u> The balance of account payable that had been due for more than 05 year was Rs.3,283,123	The payable balance should be settled	Action will be taken to settle in the future..

(a) Accounts Receivable(b) Accounts payable1.3.4 Lack of Necessary Documentary Evidence for AuditNon presentation of information

Audit Observation

Recommendation

Comments of the Accounting Officer

Asset records and bills pertaining to 02 subjects of account worth Rs. 22,558,489 had not been submitted for audit.

Evidence that verify the account balances in financial statement should be presented.

Correction will be made in the year 2020.

1.3.5 Non Compliance1.3.5.1 Non-Compliance with Laws Rules, Regulations and Management DecisionsReference to Laws,
Rules, Regulations and
Management Decisions

Non-Compliance

Recommendation

Comments of the
Accounting Officer

(a) Section 3.1 of Public Administration Circular No. 30/2016 dated 29th December 2016

Fuel consumption of the vehicle had not been inspected.

Circulars should be followed

Action will be taken to inspect in the future.

(b) Circular No. 2016/03 of the Commissioner of Local Government dated 17th March 2016

(i) Section 06

No agreement had been entered into on the new valuation for 33 shops in the Poojapitiya shopping complex.

The relevant circulars should be followed.

Action will be taken on drafting new agreements.

- (ii) Section 05(I) Shop rent was charging from the Ambatenna shopping complex on the assessment of the year 2007. The relevant circulars should be followed. the new assessment cannot be implemented without the approval of the General council.
- (iii) Section 10 06 shops in the Poojapitiya shopping complex had been sub leased out. The relevant circulars should be followed. It has been referred to the General council and action will be taken in the future.

2. Financial Review

2.1 Financial Performance

According to the financial statement presented, excess of revenue over recurrent expenditure for the year ended 31st December 2019 amounted to Rs.16,217,809, as compared with the corresponding amount in excess of revenue over recurrent expenditure for the preceding year amounted to Rs. Rs.11,721,181.

2.2 Revenue Administration

2.2.1 Estimated Revenue, Billed Revenue, Collected Revenue and Revenue in Arrears

The details of Estimated Revenue, Billed Revenue, Collected Revenue and Arrears of Revenue for reviewed year and preceding year are as follows.

Revenue source	2019				2018			
	Estimated revenue	billed Revenue	Collected revenue	Total Arrears as at 31st December	Estimated revenue	billed Revenue	Collected revenue	Total Arrears as at 31st December
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
(i) Rates and Taxes	3,200,000	3,216,947	2,400,833	816,114	3,113,959	3,187,984	2,523,167	2,744,670
(ii) Rent	3,978,600	2,788,206	2,631,811	156,895	3,957,540	2,578,603	2,727,587	364,976
(iii) License fees	2,073,000	2,118,250	2,118,250	--	2,217,100	2,449,000	2,449,000	--
(iv) Other income	18,652,560	22,278,084	6,465,433	16,042,482	17,221,000	17,366,135	7,243,607	28,642,420
Total	27,904,160	30,401,487	13,616,327	17,024,991	26,509,594	25,581,725	14,943,361	31,752,066

2.2.2 Rates and Taxes

Audit Observation	Recommendation	Comments of the Accounting Officer
<u>Rates</u>		
Rs.816,114 had not been collected from the tax revenue billed for the year under review.	Taxes should be levied	Action will be taken to recover in the future

2.2.3 Court fines and Stamp Duties

Audit Observation	Recommendation	Comments of the Accounting Officer
----- Receivable court fines and Stamp duties as at 31st December 2019 was Rs.880,922 and Rs.17,492,397 respectively.	----- The money due should be obtained	----- Action will be taken to recover the money.

3. Operating Review3.1 Performance

Following matters were revealed with regard to duties to be fulfill by the Council as per the Section 3 of the Pradeshiya sabha Act, in relating to regulation and control of all the matters relating to Public health, Public utility services and public highways, comfort, convenience and welfare of the people.

(a) Solid Waste Management

Audit Observation	Recommendation	Comments of the Accounting Officer
----- A sum of Rs.400,000 had been paid to the Land Reforms Commission to obtain a land for waste management, but the relevant land had not been acquired	----- Action should be taken to take over the land	----- All arrangements are being made to acquire the land

(b) Inadequately Performed Tasks

Audit Observation	Recommendation	Comments of the Accounting Officer
----- Out of the 25 water projects in the area, water samples in 08 projects were reported to be unsatisfactory and water samples in one project were reported to be in question, there is an issue of whether the water in 25 projects was suitable for public consumption.	----- Depending on the results of the tests, corrective action should be taken	----- a water sample test will be conducted at the divisional level.

(c) Sustainable Development Goals

Audit Observation	Recommendation	Comments of the Accounting Officer
----- The council has been implementing various functions for the benefits of the public in the area, but has not	----- The follow-up process should be formalized.	----- Follow up and preparation of reports will be done in the future.

evaluated and follow up on how far they are compatible with the sustainable Development Goals

3.2 Human Resource Management

Audit Observation

Recommendation

Comments of the Accounting Officer

Employee Vacancies and Excess

As at 31st December 2019, there were 17 vacancies in the approved staff.

Approved staff must be completed

Although, request was made to the local government commissioner, the vacancies have not been filled.

3.3 Operational Inefficiencies

Audit Observation

Recommendation

Comments of the Accounting Officer

Shortcomings related to property leasing

In charging shop rent from Ankumbura Mall, the new assessment issued on 30th June 2016 had not been implemented.

Action should be taken to implement the new assessment.

There is a situation where new assessments cannot be implemented on the protests of shop owners.

3.4 Asset Management

3.4.1 Failure to Ensure Safety of Assets

Audit Observation

Recommendation

Comments of the Accounting Officer

Further action had not been taken on 05 land units in the land register where no information could be found.

Action should be taken to protect assets

Further action will be taken by accurately identify the fixed assets through a survey.

3.4.2 Non Acquired Assets

Audit Observation

Recommendation

Comments of the Accounting Officer

The van received from the Department of Transport had not been taken over legally.

Action must be taken to take over.

The relevant institution has not taken action to transfer formally.

3.4.3 Idle and Underutilized Assets

Audit Observation

 08 machines and machinery worth Rs. 18,277,492 belonging to the council remained idle.

Recommendation

 Machinery and equipment should be utilized to the maximum

Comments of the Accounting Officer

 The Commissioner of Local Government has made recommendations and action will be taken in the future

3.5 Vehicle Utilization

Audit Observation

 No formal action had been taken against 10 unused vehicles worth Rs. 19,527,492 in the possession of the council.

Recommendation

 It should be checked and the correct course of action should be taken

Comments of the Accounting Officer

 The Commissioner of Local Government has made recommendations and action will be taken in the future