

**Athuraliya Pradeshiya Sabha**

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**Matara District**  
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**1. Financial Statements**

**1.1 Presentation of Financial Statements**

The financial statements for the year 2018 had been presented for audit on 29 March 2019 and the summary report of the Auditor General on the financial statements and the detailed management report had been forwarded to the Chairman on 25 May 2019 and 31 May 2019 respectively.

**1.2 Qualified Opinion**

In my opinion, except for the effect of matters described in the basis for qualified opinion section of this report, the financial statements give a true and fair view of the financial position of the Athuraliya Pradeshiya Sabha as at 31 December 2018 and its financial performance for the year then ended in accordance with Generally Accepted Accounting Principles.

**1.3 Basis for Qualified Opinion**

**(a) Accounting Deficiencies**

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
(i) The other revenue of Rs.96,932 received during the year under review had been shown as liabilities in the financial status statements.	Should be accounted in the financial and operating statement.	Action will be taken to correctly bring to account in future.
(ii) Provision for creditors had not been made for miscellaneous expenditure of Rs.167,123 payable as at end of the year under review.	Provision for creditors should be correctly brought to account.	Action will be taken to correctly bring to account in future.
(iii) The expenditure incurred on purchase of fixed assets for Rs.319,475 during the year under review had not been capitalized.	All fixed assets should be correctly brought to account.	Action will be taken to capitalize all assets.

**(b) Unreconciled Accounts**  
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<b>Audit Observation</b> -----	<b>Recommendation</b> -----	<b>Comments of the Accounting Officer</b> -----
Differences aggregating Rs.145,870 were observed between the balances of 04 items of accounts aggregating Rs.55,298,443 included in the financial statements and the related balances appearing in the subsidiary registers/schedules.	Action should be taken to reconcile the differences in the related balances and make rectifications.	Action will be taken to identify differences in balances and make corrections.

**(c) Lack of Necessary Documentary Evidence for Audit**  
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<b>Audit Observation</b> -----	<b>Recommendation</b> -----	<b>Comments of the Accounting Officer</b> -----
Five items of accounts aggregating Rs.140,411,140 could not be satisfactorily vouched in audit due to non rendition of necessary information.	Evidence to confirm the balances of accounts in the financial statements should be furnished.	Comments not furnished.

**1.4 Non compliance**  
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**1.4.1 Non-compliance with Laws, Rules, Regulations and Management Decisions**  
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Instances of non-compliance with laws, rules, regulations and management decisions appear below.

<b>Reference to Laws, Rules, Regulations and Management Decisions</b> -----	<b>Non-compliance</b> -----	<b>Recommendation</b> -----	<b>Comments of the Accounting Officer</b> -----
(a) 1988 Pradeshiya Saba(Finance and Administration) Rules			
(i) Rule 59	A survey regarding industries within the area of the Sabha had not been carried out.	Action should be taken in terms of the rule.	A survey had been carried out within the area of the Sabha and

a list of industries is being prepared now.

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| (ii) Rule 218 | A survey of all lands and buildings of the Sabha had not been carried out. | Action should be taken in terms of the rule. | A board of survey of land and buildings had been appointed and the survey had commenced. |
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Financial Regulations of the Democratic Socialist Republic of Sri Lanka

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| (i) F.R 571   | Action had not been taken regarding deposits over 02 years valued at Rs.147,719                        | Action should be taken in terms of the Financial Regulation.  | Action will be taken regarding lapsed deposits.   |
| (ii) F.RR 1645 and 1646   | Daily running charts and monthly performance summaries of 09 vehicles had not been furnished to audit. | Action should be taken in terms of the Financial Regulations. | Action will be taken to furnish monthly performance summaries of all vehicles to audit. |
| (c) Public Administration Circular No.30/2016 of 29 December 2016 | Consumption of fuel by vehicles of the Sabha had not been tested.                                      | Action should be taken in terms of the circular.              | Fuel tests will be carried out soon and action will be taken to regularize.             |

**2. Financial Review**

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**2.1 Financial Results**

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According to the financial statements presented, the excess of revenue over recurrent expenditure of the Sabha for the year ended 31 December of the year under review amounted to Rs.3,058,865 as compared with the excess of revenue over recurrent expenditure of the preceding year amounting to Rs.7,350,434.

## 2.2 Revenue Administration

### 2.2.1 Estimated Revenue, Revenue Billed, Revenue Collected and the Arrears of Revenue

Information relating to the estimated revenue, revenue billed, revenue collected and the arrears of revenue furnished for the year under review and the previous year appear below.

Source of Revenue	2018				2017			
	Estimated Revenue	Revenue Billed	Revenue Collected	Total arrears as at 31 December	Estimated Revenue	Revenue Billed	Revenue Collected	Total arrears as at 31 December
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Rates and Taxes	1,798,500	1,267,457	1,206,899	1,167,490	1,332,050	1,866,640	1,656,434	1,106,932
Rent	3,985,000	1,363,365	1,377,217	3,686	4,751,000	260,250	255,115	17,538
Licence Fees	243,100	255,146	254,231	2,000	214,100	166,220	167,720	1,085
Other Revenue	5,950,000	9,522,903	581,413	15,954,072	7,892,500	14,181,458	21,812,734	7,012,582
Total	11,976,600	12,408,871	3,419,760	17,127,248	14,189,650	16,474,568	23,892,003	8,138,137

### 2.2.2 Performance in collection of Revenue

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<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
<p>The estimated revenue of the year under review amounted Rs.11,976,600. The balance of arrears as at commencement soon. of the year under review amounting to. Rs.8,138,136 and the billings of Rs.12,408,871 had resulted in receivables amounting to Rs.20,547,008. The total recoveries during the year amounted to Rs.3,419,760 only. As such, the arrears receivable as at end of 31 December of the year under review amounted to Rs.17,127,248. The percentage of recovery was 16.</p>	<p>Arrears of revenue should be recovered</p>	<p>Action will be taken to recover arrears of balances.</p>

### 2.2.3 Rates and Taxes

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<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
<p><b>(a) Rates</b></p> <p>The balance of arrears of rates as at commencement of the year under review amounted to Rs.1,055,228. The billings of the year and the surcharges added to it had resulted in receivables of Rs.1,711,450. The total recoveries during the year amounted to Rs.506,524 and the balance of arrears as at end of the year amounted to Rs.1,204,926. The total recoveries for the year under review was 30 per cent of the billings and the arrears of balances at the commencement.</p>	<p>Arrears of revenue should be recovered soon.</p>	<p>Action is being taken to inform in writing to intensify payment of rates.</p>

**(b) Acreage Tax**  
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**Audit Observation**  
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The arrears at the commencement amounted to Rs.44,954 and the billings of the year amounted to Rs.12,345. The total recoveries during the year under review amounted to Rs.10,932. As such, the arrears as at end of the year amounted to Rs.46,367 The total recoveries of the year under review was at a low level of 19 per cent of the balances of arrears at the commencement and the billings

**Recommendation**  
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Arrears of revenue should be recovered soon.

**Comments of the Accounting Officer**  
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Action will be taken to recover the arrears no sooner the survey of land is carried out.

**2.2.4 Other Revenue**

**Audit Observation**  
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Court fines of Rs.272,050 and stamp fees of Rs.15,428,321 were due from the Chief Secretary of the Provincial Council and other authorities as at 31 December of the year under review.

**Recommendation**  
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Recovery of arrears of court fines and stamp fees should be intensified.

**Comments of the Accounting Officer**  
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The Chief Secretary had been informed in writing that the court fines and stamp fees are not duly received.

**3. Operating Review**  
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**3.1 Performance**  
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The following matters were revealed with regard to duties to be fulfilled by the Sabha in terms of Section 3 of the Pradeshiya Sabha Act, such as regularization and control of matters relating to public health, common amenities and public highways, healthy environment of the public, facilities, welfare etc.,

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
<p><b>(a) Solid Waste Material Management</b></p> <p>-----</p> <p>An expenditure of Rs.2,801,784 had been incurred on collection and disposal of garbage during the year under review. About 2 tons of garbage per week had been irregularly disposed of, in a private land at Godapitiya without segregation.</p>	<p>-----</p> <p>Disposal of garbage should be done in a regular manner.</p>	<p>-----</p> <p>Action is being taken to obtain a land for the compost project. A methodical project is being prepared.</p>

**(b) Sustainable Development Targets**

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<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
<p>-----</p> <p>The Sabha had not prepared a long term plan to uplift the living standards and health of the public of the authoritative area of the Sabha by the global indicators referred to in the 2030 Agenda of the Sustainable Development relating to sustainable development objectives and targets.</p>	<p>-----</p> <p>A programme to achieve sustainable development objectives and targets should be planned and implemented.</p>	<p>-----</p> <p>Planned to descriptively highlight in the 2020 budget.</p>

**3.2 Human Resources Management**

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<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
<p>-----</p> <p>Action had not been taken even by end of the year under review to fill 05 vacancies in the approved cadre and to regularize 03 excesses.</p>	<p>-----</p> <p>Vacancies in the cadre should be filled.</p>	<p>-----</p> <p>Approval will be obtained to make recruitments for filling vacancies.</p>

### 3.3 Operating Inefficiencies

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
(a) Recovery of rates and taxes during the year under review too had continued on the basis of assessments made in 2012. Action had not been taken to identify the improved areas so as to recover rates in terms of 146(1) of the Pradeshiya Sabha Act No.15 of 1987.	Action should be taken soon to obtain assessments.	Letter has been referred to the Department of Valuation to obtain new assessments.
(b) Action had not been taken to confirm arrivals and departures of officers by using finger print machines as required by the letter No.3/2017 of 19 April 2017 of the Public Administration and the Public Administration Circular No.09/2009 of 16 April 2009.	Action should be taken according to the circulars.	Quotations had been called for, to purchase machines.

## 4. Accountability and Good Governance

### 4.1 Budgetary Control

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
(a) Savings in 06 objects amounting Rs.5,278,589 ranged from 11 to 100 per cent.	Feasible estimates should be prepared	Officers responsible will be intimated to avoid variances.
(b) The targets not achieved in 03 items of revenue amounting to Rs.5,304,028 ranged from 09 to 65 per cent.	Feasible estimates should be prepared.	Officers responsible will be intimated to avoid variances.



## 4.2 Internal Audit

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### Audit Observation

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Adequate internal audit had not been carried out in terms of provisions in Financial Regulations 133 and 134 of the Democratic Socialist Republic of Sri Lanka and the Circular No. දපපා/යහ/01/න.ව.ලේ. of 24 February 2014 of the Southern Commissioner of Local Government. The internal audit programme had not been prepared in consultation with the Auditor General. Copies of internal audit reports had not been furnished to the Auditor General.

### Recommendation

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Action should be taken according to the financial regulations and circulars.

### Comments of the Accounting Officer

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Action will be taken to prepare programmes and to forward audit reports.