

Aagarapathana pradeshiya sabha
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 30 of April 2019 and the summary report of the Auditor General and the descriptive management report regarding the financial statements had been presented to the Chairman on 29 th May 2019.

1.2 The Qualified Opinion

I am in an 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 Aagarapathana Pradeshiya Sabha 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) Accounting deficiencies

Audit observation -----	Recommendation -----	Accounting Officer's Commentary -----
(i) There were observed a difference of Rs.1,138,325 among the fixed assets balance as at 31 st December of the year under review and the balance of the account of income contribution for the capital input.	Actions should be taken for accurate accounting.	The answers had not been received.
(ii) Although the Income from the court fine relevant to the year under review and the court fine in arrears was amounted Rs.577,041it had been understated the industrial debtor balance by Rs.418,416 since the that arrears court fine amount accounted as Rs.158,625.	Actions should be taken for accurate accounting.	The answers had not been received.

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| (iii) | The value of the three wheeler of the council has not been identified and accounted for. | Actions should be taken for accurate accounting. | The answers had not been received. |
| (iv) | There was no money had allocated for creditors amounting Rs.1,736,619 as at 31 December of the year under review relating 02 industries. | Actions should be taken for accurate accounting. | The answers had not been received. |
| (v) | The Employees' debt collections during the year under review amounted to Rs. 362,200 had credited for repayment deposit account. | Actions should be taken for accurate accounting. | The answers had not been received. |
| (vi) | Expenditure and receivable capital assistance had been under accounted by an amount of Rs.626, 908 at end of the year under review respect to two industries implemented under the aids of Up Country new Villages of the Infrastructure and Community Development Ministry. | Actions should be taken for accurate accounting. | The answers had not been received. |

(B) Un- Reconciled Accounts

 Audit observation

Recommendation

Accounting Officer's
 Commentary

It had been observed a difference of Rs.157, 047 when comparing The value of the two account balances shown in the financial statements prepared as at 31 December of the year under review with the supporting documents relating to those balances

Compare the changes in the relevant balances and correct the accounts.

The answers had not been received.

(C) Lack of written evidence required for the audit

Failure to submit information to the Audit

Audit observation	Recommendation	Accounting Officer's Commentary
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Five account subjects valued at Rs. 9,981,646 could not be satisfactorily vouched in audit due to failure to submit relevant title deeds / transfer orders, inventory survey reports, balance schedules and updated documents.	Maintain the documents, reports, etc as per Regulations.	The answers had not been received.

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
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(a) Extraordinary Gazette Notification No. 1523/16 dated 25 January 2008 that had issued pursuant to the National Environmental Act No. 47 of 1980 and the regulations made there under that revised by the acts No. 56 of 1988 and no.53 of 2000.	Although the validity period of the environment license of 31 business entities had expired actions had not been taken to obtain new license. . Also, it had not been conducted to identify environmental permitting businesses in the area after the new council was established.	Taking actions according to the relevant laws and regulations of	The answers had not been received.

(b) 1988 Pradeshiya Sabha
(Financial
&Administrative)
Rules

Rule 141	Although a deposit register should be maintained according to the form P.S. 39 a register had not been maintained accordingly.	Taking actions according to the instructions of the financial and administrative rules.	The answers had not been received.
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Rule 217	All the lands and buildings that the Council has made its use by the Council had their own and taking over by the sabha for residential had not been recorded in a document according to the PS 46 format.	Taking actions according to the instructions of the financial and administrative rules.	The answers had not been received.
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Rule 218	An annual survey of land and buildings was not carried out.	Taking actions according to the instructions of the financial and administrative rules.	The answers had not been received.
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(c) Supplement 22 of the Procurement Manual, and 3.9.1 of the Procurement Guide of 2006	Although the recommendation of a committee consisting of two officers appointed by the Head of the Department and the Divisional Secretary should be obtained, it had been awarding contracts to two registered societies without any recommendation.	Taking actions according to the instructions of relevant laws and regulations.	The answers had not been received.
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2. Financial Review

2.1 Financial Results

According to the presented financial statements, excess of expenditure over recurrent income for the 09 months of the year ending 31 December 2018 amounted to Rs.4, 965,288.

2.2 Revenue Administration

(A) Estimated Income, Billed Income, collected Income and arrears Income

Details of Estimated Revenue, Billed Income, collected Revenue and Arrears of Revenue for the nine months ended 31 December 2018 of the sabha which were established on 20 March 2018 are as follows.

source of income	2018			
	estimated income	billed income	collected Income	Total arrears as at 31 December
	Rs.	.Rs	.Rs	.Rs
Lease rates and tax	1,036,075	1,203,694	1,210,963	750,350
Rent	90,000	25,545	22,840	14,782
License fee	1,280,000	1,106,560	1,106,560	-
Other Income	5,531,600	992,044	782,588	719,088
Total	7,937,675	3,327,843	3,122,951	1,484,220

2.2.1 Performance of revenue collection

2.2.2 Assessment tax

Audit observation

The tax collection of the year was Rs. 123,364, or less value about 15 percent from the arrears tax of Rs. 803,262 as at 01 April 2018.

Recommendation

Recovery of arrears of revenue by acting in terms of the provisions of the Pradeshiya Sabha act.

Accounting Officer's Commentary

The answers had not been received.

2. 2. 3 Court fines and stamp fees

Audit observation

A receivable amount of Rs. 158,625 court fines and an amount Rs. 80,000 stamp duty as at 31 December of the year under review had not been collected.

Recommendation

Taking action to collect the relevant money.

Accounting Officer's Commentary

The answers had not been received.

3 Operational review

3.1 Performance

Following are the observations on the performance of the functions of the Council under the provisions of Section 3 of the Pradeshiya Sabha Act, the regulation and control of public health, public utility services and public roads, the welfare, convenience and welfare of the public

(A) By-laws

Audit observation

Recommendation

Accounting Officer's
Commentary

The sabha did not adopt the Local Government Standard by-laws according to the section 126 of the pradeshiya sabha actor the Extraordinary Gazette No. 520/7 dated 23rd August 1988.

Actions should be taken in accordance with relevant provisions of the laws.

The answers had not been received.

(B) Action Plan

Audit observation

Recommendation

Accounting Officer's
Commentary

The sabha did not prepare an action plan for the period under review.

Making an action plan for the period.

The answers had not been received.

(C) The Omitted Works

Audit observation

Recommendation

Accounting Officer's
Commentary

Although already paid Rs.138,517 to Rural Development Society in October 2018 for the advance of starting work in the Nonavatta City public toilets construction of this industry, it had not been started the works of that industry as at May of 2019 and also the advance had not settled.

Project implementation without delay of

The answers had not been received.

(D) Environmental issues Hack

Audit observation	Recommendation	Accounting Officer's Commentary
(i) The waste of public toilet at Agarapathana was open to the environment without placing to a septic tank.	Actions should be taken to developing a proper disposal system	The answers had not been received.
(ii) There was no proper disposal of waste in the public toilet in the Dayagama toilet.	Actions should be taken to developing a proper disposal system	The answers had not been received.

(E) 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.	The answers had not been received.

3.2 Human Resource Management

Vacancies of employee

Audit observation	Recommendation	Accounting Officer's Commentary
As at 31 December of the year under review, 81 vacancies in 19 posts had not been filled.	Taking action to fill the vacancies	The answers had not been received.

3.3 Utilization of Vehicles

Audit observation	Recommendation	Accounting Officer's Commentary
Two vehicles assigned to the Council had not been registered in the name of the Council as at 31st December of the year under review.	Taking over the vehicle to the name of the Sabha.	The answers had not been received.

3.4 Contract Administration

Audit observation	Recommendation	Accounting Officer's Commentary
An over amount of Rs. 26,792 had been paid for project of concrete the road where Balmoral part pathway.	Action should be taken to recover over payments.	The answers had not been received.

4 Accountability and good governance

4.1 Budgetary Control

Audit observation	Recommendation	Accounting Officer's Commentary
Although it should be prepared and presented a statement of matter describing for the variances among actual revenue and expenditures and estimated finance allocations according to the rule 193 of pradeshya Sabha finance and administration rules of 1988,that stamen had nod not been presented for describe the variances of the year under review.	Present a statement of matter describing about the variances according to relevant rules.	The answers had not been received.

4.2 Internal Audit

Audit observation	Recommendation	Accounting Officer's Commentary
Adequate internal audit was not carried out during the year under review.	Adequate internal audit has been carried to .	The answers had not been received.

4.3 Audit and Management Committees

Audit observation	Recommendation	Accounting Officer's Commentary
The Audit and Management Committee was held only once during the period under review.	Holding Audit and Management Committees at least once a quarter	The answers had not been received.