

Ambagamuwa Pradeshiya Sabha
Nuwara Eliya District

1. Financial statements

1.1 Submitting Financial Statements

The financial statements for 2018 were submitted to the auditor on 11 May 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 Qualified opinion

In my 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 Ambagamuwa Pradeshiya Sabah 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) Although funds were allocated under the Gama Neguma Project for the construction of the Norwood Kovil Community Centre in 2014 , it had overstated the project creditors and debtors by an amount of Rs. 5,000,000 since accounting that allocated amount as expenditures and income of the year while the project had not been started.	Action should be taken to correct.	Action to be taken as per the recommendation of the Commissioner of Local Government.
(ii) A deposit amount of Rs. 858,250 that had deposited at 19 times for the period from the year 2011 to 31 December of 2016 for revenue had been	Actions should be taken to settle the deposits.	Settlement will do in 2019.

stated under the payable deposits.

- | | | |
|--|--|-------------------------------------|
| (iii) It had been overstated the project debtors by Rs.14,638,340 and the creditors by Rs.28,779,077 on the financial statements as at 31 December of the year under review since accounting the allocation amount that had received to the Sabha as capital aids from the year 2009 to 2014 for various projects without completing the relevant tasks. | Actions should be taken to correct accounts. | That will be settled in the future. |
|--|--|-------------------------------------|

(B) Lack of written evidence required for the audit

Failure to submit information to the Audit

Audit observation	Recommendation	Accounting Officer's Commentary
-----	-----	-----
As a result of not submitting title deeds to the audit, The ownership of seven plots of the total amount of Rs. of 316,500 lands was not verified.	It should be Submitted the title deeds.	Lands have been assessed but no reports have been received so far and title deed preparing and land assigning activities are on going

(C) Accounts Receivable and Accounts Payable

(i) Accounts Receivable

Audit observation	Recommendation	Accounting Officer's Commentary
-----	-----	-----
The project debtor balance which had elapsed 01 year as at 31 December of the year under review was amounting to Rs.41,808,190.	Actions should be taken to recovery the receivable balances.	Many of these balances have been accounted for by previous years allocations and actions will be taken to correct them by removing the in corrected balances.

(ii) Accounts Payable

----- Audit observation -----	Recommendation -----	Accounting Officer's Commentary -----
While the total amount of accounts payable as of 31 December of the year under review was amounting to Rs.88,285,522, and an amount of Rs.68,681,832 had not been paid elapsed a year	Action should be taken to settle the outstanding balance.	The balance has been paid less than a year and the actions will take regarding the rest by investigating.

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 to s Commentary -----
(a) National Environmental Act No. 47 of 1980 as amended by Act No. 53 of 2000 and Act No. 56 of 1988	Business license of 03 business entities which had expired the validity period had not been renewed.	The necessary actions should be taken by identifying the entities that to be taken the permits through a survey.	That it had been informed as obtained the license.
(b) Financial Regulation 189	Actions had not been taken regarding the returned cheque worth of Rs.118, 659 at 21 times within the time period from the year 1988 to 2007.	Actions should be taken to recover the balances as money.	Actions will be taken to correct in 2019.
(c) FR 237	An amount of Rs. 292,540 had been paid for repairing a vehicle without certifying .of a technical officer	Payments should be done after obtained the relevant recommendations.	Recommendations are obtaining from the appropriate technical officer Currently.
(d) FR 571(2)	Deposits valued worth of Rs. 1,014,290 that had deposited in 22 times and had elapsed two years have not been cleared.	Actions should be taken according to the Financial Regulations.	It will be corrected in 2019.

(e) Pradeshiya Sabha (finance and administrative) rule 218	A survey of the lands and buildings belonging to the Sabha was not carried out.	Actions should be taken to conduct the survey in each year.	A survey is on-going currently.
(f) Circular No. 1988/22 dated 17 May 1988 of the Commissioner of Local Government	The valuation of property for assessment tax has not been done once in five years.	Actions should be taken according to the circular.	That there had requested from the Valuation Department as the assessment to be carried out.

1.5 Non-compliance with tax requirements

Audit observation	Recommendation	Accounting Officer's Commentary
-----	-----	-----
(a) According to the Stamp Duty Tax Act No. 12 of 2006, the Stamp Duty of Rs. 2,350,361 levied prior to the year under review and Rs. 958,253 collected during the year under review had not been remitted to the Commissioner General of Inland Revenue.	Actions should be taken to remit the retained taxes.	Actions will be taken pay taxes in installments.
(b) A collected Nation Building Tax amount of Rs.738,143 that had collected within the previous year according to the Nation Building Tax Act No. 09 of 2009 had not been remitted to the Commissioner General of Inland Revenue.	Actions should be taken to remit the retained tax.	Actions will be taken pay taxes in installments.

2. Financial Review

2.1 Financial Results

According to the financial statements presented for the 09 months ended 31 December 2018, excess of revenue over recurrent expenditure of the Council amounted to Rs.2,026,854 as compared with corresponding excess of revenue over recurrent expenditure for the preceding year amounted to Rs.14,899,898

2.2 Revenue Administration

(A) Estimated Income, Billed Income, Accumulated Income and Deficit Income

Details of Estimated Revenue, Billed Income, Accumulated 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		
	billed income	collected income	total deficit as at 31 December
	Rs.	Rs.	Rs.
Lease rates and tax	2,070,677	1,573,804	1,761,446
Rent	2,387,650	2,504,792	2,339,603
License fee	1,242,900	1,242,900	182,420
Other	7,228,663	7,539,978	15,595,406
Total	12,929,890	12,861,474	19,878,875

2.2.1 Performance of revenue collection

Rent

Audit observation

The 07 persons who had rent out the stalls of the sabha had not been paid the rentals within the time period from 02 to 10 years. The total arrears as at 31 December of the year under review was amounting to Rs.1,009,093.

Recommendation

Arrears should be recovered by taking actions according to the provisions of the Praeshiya Sabha Act.

Accounting Officer's Commentary

Action is being taken to recover arrears.

2. 2. 2 Court fines and stamp fees

Audit observation

Recommendation

Accounting Officer's
Commentary

A receivable amount of Rs. 1,843,676 court fines and an amount of Rs. 13,751,730 stamp duty as at 31 December of the year under review had not been collected.

Taking action to collect the relevant money.

That the application had sent.

3 Operational review

3.1 Performance

Following are the observations on the perform the functions of Public Health, the regulation of matters of public utility services and the management of public roads, people in comfort, convenience and welfare of the Council to regulate and administer public health, public utility services and public roads under section 3 of the pradeshiya Sabah act.

(a) Non Preparation of Budget for the period April to December 2018

Audit observation

Recommendation

Accounting Officer's
Commentary

The Ambagamuwa Pradeshiya Sabha had been dissolved by the special gazette notification 2043/57 of the Democratic Republic of Sri Lanka dated 02nd November 2017. And the new ambagmuwa Pradeshiya Sabha was established accordingly, and it's Operations had been carried out for the year without making a budget by getting approval for it for rest of the year 218.

It should be made a revised budget.

That it was a mistake caused by ignorance.

(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

Planning to achieve sustainable development objectives and targets.

We have been made aware of the Sustainable Development Goals currently and an officer had been appointed in this regard.

not done in the year under review.

3.2 Management inefficiencies

Audit observation	Recommendation	Accounting Officer's Commentary
(a) An amount of Rs. 75,000 deposited with the Maskeliya Multi-Purpose Society on 3 March 1996 for fuel for the vehicles of the Sabah was not withdrawn.	Actions should be taken to settle the respective advances.	That they are acting according to a council decision.
(b) An amount of Rs.1,615,162 that had paid for various purposes from 1995 to 2013 on 177 occasions had not been settled.	Actions should be taken to settle the remaining advances.	An amount of Rs. 137,490 had been recovered from that currently.

3.3 Human Resource Management

(A) Vacancies of employee

Audit observation	Recommendation	Accounting Officer's Commentary
As of 31 December 2018, there were 55 vacancies in 17 posts, according to the council's approved staff, and eight additional employees were employed in four positions.	Actions should be taken to fill the vacancies promptly and manage the surplus.	That it had been informed to the relevant institutions.

3.4 Operating inefficiencies

Audit observation	Recommendation	Accounting Officer's Commentary
Advance amount of Rs. 196,932 had been paid for a project of supplying the water on 30 November 2017.while the work of this project had not been started and the advance amount had not been settled.	Advance amount should be recovered.	Reminders have been sent to settle the advances

3.5 Contract Administration

Audit observation	Recommendation	Accounting Officer's Commentary
<p>While the 41 projects worth of Rs. under the provisions of 2,442,500 provincial council members had not implemented in the year under review, the progress report had been presented by making each project files by including the documents as did the projects.</p>	<p>Actions should be taken to use the received allocation within the year.</p>	<p>That it had obtained a progress of 66 percent currently.</p>

3.6 Underutilized Assets

Audit observation	Recommendation	Accounting Officer's Commentary
<p>(a) The motor grader that had with a value of Rs.2,500,000 and had given to the Sabah by the Ministry of Provincial Councils and Local Government had been remained idle hence it could not be used due to geographical differences.</p>	<p>Should be transferred to another Sabah that it could be utilized.</p>	<p>That the relevant authorities have been informed.</p>
<p>(b) While the 04 vehicles and 02 motor bikes Belonging to the Sabha had removed by running over 04 years and actions had not been taken to utilized by repairing or disposal</p>	<p>Necessary actions should be taken.</p>	<p>The Commissioner of Local Government has been informed to take necessary action for the disposal.</p>