

Hanguranketha Pradeshiya Sabha
Nuwaran 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 6 th of 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 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 Hanguranketha 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
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(i) The schedules of stamp duty value of Rs.392,780 received in the year under review for the year 2016 was not accounted.	Actions should be taken for accurate accounting.	Actions will be taken to correct in the preparation of the 2019 accounts.
(ii) The court fines of the year was had been overstated by an amount of Rs. 97,956.	Actions should be taken for accurate accounting.	Actions will be taken to correct in the preparation of the 2019 accounts.
(iii) Although an amount of Rs.79,069 had to be paid to the Department of Pensions in the year under review this balance had not been accounted as expenditures of the year.	Actions should be taken for accurate accounting.	Actions will be taken to correct in the preparation of the 2019 accounts.

(b) Un- Reconciled Accounts

Audit observation	Recommendation	Accounting Officer's Commentary
It had been observed a difference of Rs.802,292 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.	Actions will be taken to correct in the preparation of the 2019 accounts.

(C) Lack of written evidence required for the audit

Audit observation	Recommendation	Accounting Officer's Commentary
Thirteen account subjects valued at Rs. 36,584,055 could not be satisfactorily vouched in audit due to failure to submit relevant information to the audit.	Submission of Documents and Reports confirming the Account Balance as indicated in the Financial Statements.	Balance list will be prepared and actions will be taken to find out the balance before 2017.

(D) Accounts Receivable and Accounts Payable

(i) Accounts Receivable

Audit observation	Recommendation	Accounting Officer's Commentary
While the projects debtor balance as at 31 December of the year under review was amounting to Rs.23,585,221 an amount of Rs.15,859,439 that had elapsed one year had not been recovered thereof.	Taking action to recover outstanding balances and finding out if there are any false balances and settlement.	Actions will be taken to correct in future.

(ii) Accounts Payable

Audit observation -----	Recommendation -----	Accounting Officer's Commentary -----
The 02 payable account balances of Rs. 1,383,868 had been been elapsed a period of 01 year as at 31 December of the year under review.	Actions should be taken to settle of outstanding balances.	Action will be taken to correct in future.

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 -----
(a) Financial regulation 756	The Annual Commodity Survey for the year under review had not commenced as at 04 March 2019.	Action should be taken according to financial regulations.	That the survey of goods is in progress.
(b) Financial Regulations 1646	The daily running chart was not submitted to the audited of a cab owned to the Sabha relevant from February to December of the year under review.	Action should be taken according to financial regulations.	That the ranging chart will be submitted in the future

2. Financial Review

2.1 Financial Results

According to the presented financial statements, excess of income over recurrent expenditure for the year ending 31 December 2018 amounted to Rs.2,517,554 as compared with the corresponding excess of revenue over recurrent expenditure for the preceding year amounted to Rs.3,015,791.

2.2 Revenue Administration

2.2.1 Estimated Income, Billed Income, collected Income and arrears Income

Details of Estimated Revenue, Billed Income, Accumulated Income and Arrears of Revenue for the year under review are as follows.

Source of income	2018				2017			
	Estimated Income	billed income	Income collected	Total arrears as of December 31 st	Estimated Income	billed income	Income collected	Total arrears as of December 31 st
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Rent and Taxes	2,653,600	2,867,853	1,170,580	2,281,153	4,896,800	2,703,632	1,031,599	2,368,977
Rent	5,232,000	3,514,595	2,865,909	2,496,322	6,123,900	4,778,602	2,672,314	2,365,402
License fee	2,638,000	2,222,141	2,222,141	-	2,633,100	2,546,313	2,546,313	-
Other Income	14,336,800	12,574,779	5,778,730	7,155,791	9,350,000	10,057,110	5,870,431	6,088,369
Total	24,860,400	21,179,368	12,037,360	11,933,266	23,003,800	20,085,657	12,120,657	10,822,748

2.2.2 Rental

Audit observation

An amount of Rs.2, 130,712 in arrears from 12 stalls at the Hanguranketha Public Market Complex for a period of four years to 08 years had not been recovered.

Recommendation

Actions should be taken in terms of the provisions of the pradeshshiyasabha act and recovery money soon.

Accounting Officer's Commentary

Legal action will be taken to recover arrears.

2. 2. 3. Court fines and stamp fees

Audit observation

A receivable amount of Rs. 1,119,993 of court fines and an amount Rs. 4,389,750 of 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

Arrangements will be made to recover arrears in the future.

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.

3.2 Human Resource Management

Audit observation

Although the cashier position is a work of the management assistant service that duty of the Sabha had been assigned to the electrical technical officer since 26.03.2018.

Recommendation

A suitable Officer should be deployed For this purpose.

Accounting Officer's Commentary

A Management Assistant Officer will be appointed to this post with effect from 01.06.2019.

4 Accountability and good governance

4.1 Budgetary Control

Audit observation

according to the rule 193 of pradeshiya Sabha finance and administration rules of

Recommendation

It should be presented a statement of matter describing about the

Accounting Officer's Commentary

The answers had not been received.

1988, statement of matter describing for the variances among actual revenue and expenditures and estimated finance allocations had not been presented for describe the variances of the year under review. variances according to relevant rules.