

Galewela Pradeshiya Sabha
Mathale 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 29 March 2019 and the summary report of the Auditor General had been forward to the Chairman on 13 May 2019 and the detailed management report regarding the financial statements had been forward to the Chairman on 23 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 section in 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 Galewela 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

Accounting Deficiencies

Audit Observation -----	Recommendation -----	Accounting Officer's Commentary -----
(a) The amount of Rs. 590,000 which had paid for the develop the buildings of the sabha in 02 occasions within the year under review had not been capitalized.	The account should be corrected.	Accept. It will be corrected in the final account for the year 2019.
(b) the total lthoughA balance of fixed assets and the account balance of the income contribution to the capital input should to be equal it had been observed a difference of .1,166,909.Rs	he account should be T orrectedc	Accept It will be corrected in the final account for the year 2019.

(c) It had not been accounted for the amount of Rs. 6,105,856. Rs. to be paid for the coming years behalf on the loans which had obtained from the Domestic Loan Development with the interest amount	The account should be corrected	Accept It will be corrected in the final account for the year 2019.
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1.3.2 Non Reconciled Control Accounts

Audit observation	Recommendation	Accounting Officer's Commentary
It had been observed a difference of Rs. 109,215,357 when compare the total amount of Rs. 380,517,187 of 07 accounts subject stated in the financial statements with their relevant schedules supporting documents.	Actions should be taken to correct the accounts by comparing the differences of the balances.	Action will be taken to correct this amount by examining the financial statements one by one since these balances are serial continuing from several years

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) 1988 Pradeshiya Sabhas (Finance & Administration) 217 Rules	A land and building register was not maintained in accordance with PS 46 regarding all land and buildings owned by the council.	Documents should be updated.	All plots of lands and buildings belonging to the Council will be assessed and the PS46 document updated

(b) Financial Regulations of the Democratic Socialist Republic of Sri Lanka

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| (I) 104 (1)(a) | Investigations were not conducted to determine the liability for two machineries that were involved in the accident in 2016 and 2017. | Responsible persons must be determined in accordance with Article 104 (1) of the Financial Regulations | Responsible persons must be determined in accordance with Article 104 (1) of the Financial Regulations |
| (ii) 570(a) | 146 deposit worth of Rs.1,712,721 that had elapsed more than 02 years had not been taken to the revenue. | the expired deposit should be take nto the revenue acording to the financial regulations 570(a) | action will be taken to correct by investigation .the documents |
| (c) Extraordinary Gazette No. 1900/8 dated 2nd February 2015 | Members of the Pradeshiya Sabha could only pay a telephone allowance of Rs. 1,000, but the Vice President of the Pradeshiya Sabha was paid a maximum of Rs5,000 according to the general meeting on 13 December 2018. | Telephone allowances should be paid according to the applicable rules. | It has been informed that these payments have been made on a general decision. |
| (d) Section 3.1 of the Public Administration Circular No. 30/2016 dated 29 December 2016 | Most of the vehicles in the sabha have not been checked for fuel combustion. | Action should be taken as per the circular | Actions should be taken to conduct fuel combustion test immediately |

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| (e) | Section 02 of the Circular No. 04/205 dated 14th July 2015 of the Secretary to the Ministry of Finance | While government agencies should obtain insurance services directly, they had to obtain insurance coverage for 18 vehicles owned by the sabha through agents. | Action should be taken as per the circulars | Get insurance directly from the relevant insurance company. |
| (f) | Section 04 of the CPC / CS / 06/06/02 of the Chief Secretary of Central Province dated 11th April 2013 | Actions had not been taken to deposit the bail by 19 employees who serve at the Sabha regarding the 08 postsitions. | Action should be taken as per the circulars | ction will be A taken to deposit the bail as per .the circular |

1.4.2 Transactions Not Verified By Insufficient Authority

----- Audit monitoring -----	Recommendation -----	Accountant's Commentary -----
(a) Although it had stated the government valuation as Rs.70,000 for the building which countunuing the Kadurata Development Bank on the basis of bearing the building repaires and rate charges by the owner,it had been loss of Rs, 32,000 monthly to the sabha due it had charged an amount of Rs.38,000.	The rent should be charged on the assessment	Action will be taken to collect the assessed rent in the future
(c) In terms of Section 19 (1) of the Pradeshiya Sabha Act No. 15 of 1987, a salary and allowance of Rs. 31,824 was paid monthly for the post of Library Assistant Grade III at the Galewela Public Library on 18 August 2018 without the approval of the Commissioner of Local Government	Action should be taken in accordance with the Pradeshiya Sabha act	ction will be taken to A obtained the approval of commisioner of local .government

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.13446141 as compared with the corresponding excess of revenue over recurrent expenditure for the preceding year amounted to Rs 13,022,288.

2.2 Revenue Administration

2.2.1 Estimated Revenue, Billed Revenue, collected Revenue and arrears Revenue

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

Source of revenue	2018				2017			
	Estimated Revenue	billed revenue	Revenue collected	Total arrears as of December 31 st	Estimated Revenue	billed revenue	Revenue collected	Total arrears as of December 31 st
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Rates taxes	19,978,000	2,706,087	2,897,105	2,286,153	2,353,000	2,817,440	2,851,489	2,397,884
Rent	4,950,000	3,298,552	3,338,304	643,608	16,600,000	4,188,262	4,249,292	615,930
License fees	3,400,000	2,807,345	2,807,345	-	3,050,000	2,861,100	2,861,100	-
Other Revenue	1,170,000	1,625,110	1,625,110	-	1,145,000	1,222,402	1,205,502	-
Total	29,498,000	10,437,094	10,667,864	2,929,761	23,148,000	11,089,204	11,167,383	3,013,814

2.2.2 Rates and Taxes

Audit Observation	Recommendation	Accounting Officer's Commentary
(a) It had been received an amount of Rs.1,926,735 within the year from the amount of the arrears balance at the beginning of the year under and the billed amount of the year was amounting to Rs.3,568,027.	he arrears should be T .recovered	to ction will be takenA recover this arrears .amount immediately

(b) An amount of Rs 233,444 due from the 06 government entities from before the year 2011.	ctions should be taken A to entered in to atax agreement	The relevant institutions have been informed to collect these arrears promptly
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2.2.3 License Fee

----- Audit Observation -----	----- Recommendation -----	----- Accounting Officer's Commentary -----
laws had not -he byT been imposed to collect the annual license fee from the communication towers by of the area of authority of the sabha .by identifying them	The annual license fee must be charged	I am informed that there had collected fee for the installation of communication booths and no annual license fee

2.2.4 Water Charges

----- Audit Observation -----	----- Recommendation -----	----- Accounting Officer's Commentary -----
t had been recovered an I 66 or 950,257.amount of Rs arrears water percent from the charges as at the beging of the year and the billed amount of the year amounting .1,439,783.Rs	he arrears should be T .recovered	ction will be taken to A recovered all the arrears .2019 within the year

2.2.5 Rent of Meat Shops

----- Audit observation -----	----- Recommendation -----	----- Accounting Officer's Commentary -----
412,302.n amount of RsA should to be received from beef nearly shop at Galewela from .two years	he arrears should be T .recovered	It has been informed that these funds are already being paid as instalments

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 sabha act.

(a) By-Laws

Audit Observation -----	Recommendation -----	Accounting Officer's Commentary -----
According to the by-laws, the Annual Action Plan had been prepared for the functions to be carried out by the sabha, but it did not specify the development projects or the estimated allocations for each activity	Development projects and estimated allocation should be stated	while it had not include the development project in to the action plan and the annual development plan included by the developing project and the .estimated allocations

(b) Sustainable Development Goals

Audit Observation -----	Recommendation -----	Accounting Officer's Commentary -----
The audit did not provide information on whether or not the programs were implemented during the year under review for the Sustainable Development Goals and Goals.	t should be provided the I information wheather there had acheive the susustainable development .goals	Various projects have been implemented for this purpose

3.2 Management Inefficiencies

Audit Observation	Recommendation	Accounting Officer's Commentary
(a) though it had passed more A years after facing to 02 than 2016 machinery accident in actions had not 2017 and been taken to receive the .claim	Action should be taken to obtain insurance claims	I informed that i it will be taken actions to discuss this matter with the insurance company
(b) Action had not been taken to reimburse Rs. 3,587,500 spent by the Sabha Fund for pipelines and other development activities of the Siyambalagahawela Grama Niladhari Division under the Central Provincial Annual Development Plan 2018	The amount should be reimbursed	It is informed that necessary action will be taken to reimburse the money

3.3 Human Resource Management

Audit Observation	Recommendation	Accounting Officer's Commentary
As at 31 December of the year under review, there were 18 vacancies in eight positions in the sabha.	Vacancies must be completed	I am informed that vacancies have been informed to and it had presented to approval to recruit for office posts

3.4 Assets Management

3.4.1 Document Which Had Not Documented

Audit Observation	Recommendation	Accounting Officer's Commentary
had not been entered in to a It documents 118 community halls , 82 cemeteries , 251 public wells.	assets should beA documented	will ItTake appropriate action in this regard

3.4 .2 Non Performing the repairing and maintenance

Audit Observation	Recommendation	Accounting Officer's Commentary
A backhoe and motor grinder belonging to the Sabha have not been repaired even though it has been over two years since the accident.	Machinery should be repaired	These machines will be repaired

3.4 .3 Idle and Underutilized Assets

Audit Observation	Recommendation	Accounting Officer's Commentary
02 t had been idle a van withI years 09 a tractor with,years and grass cutting machine with .years 02	ppropriate action A should be taken	These vehicles will be auctioned

3.5 Procurement

Audit Observation	Recommendation	Accounting Officer's Commentary
Library Of Wasalakotte Fencing On The Ground	onstructions C activities must be	It will inform you that the relevant work will
Even though it had purchased 80 fence posts by spending Rs.160,000 for the fence of the Wasalakotte		

Library premises the fence had not been built until 09 the November 2018

.done

be completed soon.

4. Accountability and good governance

Audit and Management Committees

Audit Observation

Recommendation

Accounting Officer's
Commentary

Although A04 audit and Management committees should be held in annually committees within 02 it had hold only .2018 the year

ction must be taken A according to the .circular

I am informed that although the committee was prepared to be held, due to difficulties in calling the relevant officers , they were not able to function according to the circular