

Pallepola Pradeshiya Sabha  
Mathale District  
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1 Financial Statements  
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1.1 Presentation of the Financial Statements  
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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 and the detailed management report regarding the financial statements had been presented to the Chairman on 31 May 2019.

1.2 The Qualified Opinion  
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I am in an opinion that, except the effect on the financial statements of the matters referred under the section 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 Pallepola 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  
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1.3.1 Accounting Deficiencies  
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Audit Observation  
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The 21 lands with an area of 2 acres, 02 roods and 33.58 perches and 03 lands that couldn't recognized the value which included in the assets survey reports, had not been included financial statement by assessing the value of there.

Recommendation  
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The lands should be accounted by assessing the value of them.

Accounting Officer's  
Commentary  
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The actions will be taken promptly to get an estimate by presenting the assets to the state valuation.

1.3.2 Non reconciled control accounts  
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Audit observation  
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It had been observed a difference of Rs. 960,744 when compare the total amount of Rs. 29 569,870, of 13 accounts subject stated in the financial

Recommendation  
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Actions should be taken to correct the accounts by comparing the differences of the balances.

Accounting Officer's  
Commentary  
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I accepted that the difference on the financial statements which made after adjusting the vote ledger balances by journal

statements with their relevant schedules and supporting documents.

entries. I inform that this was not influenced to the financial results of the income and expense account.

### 1.3.3 Accounts Receivable and Payable

Audit observation	Recommendation	Accounting Officer's Commentary
(a)Accounts Receivable		
The receivable balances that had elapsed 03 years amounting to Rs. 4,152,554.	Actions should be taken to collect the receivable balances.	Shop rent and advance had been collected currently .an amount of Rs.1, 081,327.26 had recovered from the debtors and 75 percent had recovered from acreage taxes and water charges currently. Actions will be taken to recovered rate balance of Rs. 115,125.
(b) Accounts Payable		
The payable balances that had elapsed 03 years amounting to Rs. 2,850,624.	Actions should be taken to settlement the payable balances.	Action will be taken to inform the persons regarding the balance at the deposit account amounting to Rs.342, 067 and transferred the remainder to the Sabha fund.

#### 1.4 Non-compliance

##### 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) Section 31 of part "a" of schedule A of the extra ordinary gazette no 1533/16 dated on 25 January 2008.	Environmental license had not been taken to a slaughter house which continued in the area of authority of the Sabha.	Necessary actions should be taken in this regard.	Instructions had been given to the artificer as getting a environment protection license attracting to the Central Environmental Authority.
(b) Public Administration Circular No. 30/2016 dated 29th December 2016	It had not been carried out Fuel combustions test of 06 vehicles of the sabha.	Actions should be taken according the instructions of the circular.	While the fuel combustion test of the cab had done on 24 March 2018 and the other vehicles and cab the cab getting ready to done a fuel combustion test.

#### 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. . 22,422,916as compared with the corresponding excess of revenue over recurrent expenditure for the preceding year amounted to Rs.10,277,901.

##### 2.2 Revenue Administration

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

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

2018					2017			
Source of income	Estimated Income	billed income	Income collected	Total arrears as of December 31 <sup>st</sup>	Estimated Income	billed income	Revenue collected	Total arrears as of December 31 <sup>st</sup>
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Rates Taxes	4,892,000	5,767,345	5,586,732	1,952,798	4,900,000	5,748,132	5,535,964	1,711,579
Rent	462,000	569,327	481,471	137,862	442,400	456,359	466,360	-
License fee	800,000	671,870	671,80	-	700,000	607,520	626,945	-
Other Revenue	11,210,500	8,103,556	10,964,632	7,198,957	20,184,000	12,906,771	10,464,833	7,019,924
<b>Total</b>	<b>17,364,500</b>	<b>15,112,098</b>	<b>17,032,835</b>	<b>9,289,617</b>	<b>26,226,400</b>	<b>19,718,782</b>	<b>17,094,102</b>	<b>8,731,503</b>

### 2.2.2 Performance in revenue collection

Audit observation	Recommendation	Accounting Officer's Commentary
The arrears revenue had been increased by an amount of Rs.558,115 which had as an amount of Rs. 8,731,503 as at 31 December of the year 2017 up to Rs. 9,289,618 as the end of the year under review	Arrears should be recovered as soon as possible.	The collection of income and the arrears income had minimized due to lack of a Revenue inspector.

### 2.2.3 Rates and Taxes

Audit observation	Recommendation	Accounting Officer's Commentary
(a) While the arrears rate balance was amounting to Rs 237,834 as at the last date of the year under review, actions had not been taken to recovered that amount according to section 158(1) of the Pradeshiyasabha Act no 15 of 1987.	Action should be taken to recovered the taxes by following the provisions of the Act.	Actions are being taking to prohibit the property according to the section 158(1) of the Pradeshiyasabha Act no 15 of 1987. Also the final announce had been issued.
(b) Actions had not been taken to attain the new rate limit in broad by	Necessary actions must be enacted as soon as possible	Arrangements had made to identify the areas that had developed.

identifying the developed areas in the area of authority of the Sabha after the year 2012.

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| (c) The schedule to list out the properties which had released from the rates had not been prepared according to the section 135 of the PradeshiyasabhaAct no 15 of 1987. | It should be prepared the relevant schedules. | While it had noted the properties which released from the rate taxes in the rate documents and it will be prepared a schedule of released property in the future. |
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#### 2.2.4 Water Charges

----- Audit observation -----	----- Recommendation -----	----- Accounting Officer's Commentary -----
The arrears water charges are amounting to Rs. 1,672,003 as at the end of the year under review.	The arrears water charges should be recovered.	Arrangements had been done for collect the arrears water charges through a mobile service.

#### 2. 2. 5 Court fines and stamp fees

----- Audit observation -----	----- Recommendation -----	----- Accounting Officer's Commentary -----
An amount of Rs. 680,380 of court fines and an amount of Rs. 6,518,307 of stamp fees had been remained to receive as at 31 December of the year under review.	It should be collected the arrears income promptly.	Court fine amount of Rs. 395,332 out of the amount of Rs. 680,380 which had to be received had been received .and it had been informed to the central Provincial Council regarding the stamp fees.

### 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 pradeshiasabha act.

##### (a) Not Achieving the Expected Output

Audit observation	Recommendation	Accounting Officer's Commentary
(i) Actions had not been taken to implemented the 03 industries which had approved allocation amount of Rs.700,000.	It should be taken action according to the plan within the year.	It had been approved 03 industries to implement in the year 2019 which could not carry out in the year 2018.
(ii) It had not been achieve the expected objectives from the projects regarding construction of 03 buildings which had started the construction activities in the year 2015, due it could not completed totally.	The buildings should be utilized after completing the constructions.	The constructions had been started as 02 stalls the buildings which had built for information Centre and Thmbahitiyawa Cemetery. The development activities of the Pallepola Municipal conference Hall had been planned.

##### (b) Solid Waste Management

Audit observation	Recommendation	Accounting Officer's Commentary
The compost yard which had constructed by expending an amount of Rs.1,489,948 in the years 2015,2016 and 2017 had not been used for waste management effectively due to non-completion of its constructions and the other facilities.	The solid waste management should be started immediately by completing the defects.	I inform that the project can implement successfully if the allocations will received.

(c) Issues on Environment

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Audit observation

Recommendation

Accounting Officer's  
Commentary

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Lot of environmental issues had been made due dumping the waste quantity about 200 kg that collected in the area of the authority of the Sabha daily without proper management.

Actions should be taken to proper waste management.

We are planning to give the waste which collected by the Sabha to the waste management project which implement by the Dambulla Municipal Council in future.

(d) Sustainable Development Goals

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Audit observation

Recommendation

Accounting Officer's  
Commentary

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Necessary objectives could not recognized to achieve the sustainable development goals.

Actions should be taken in accordance with the sustainable development goals

Actions will be taken to correct in future.

3.2 Operational inefficiencies

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Audit observation

Recommendation

Accounting Officer's  
Commentary

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Employee guarantee amount of Rs. 27,501 from the 11 employees who had transferred, vacated the service or died, had not been released.

The relevant guarantee should be released

Employee guarantees of the 11 employees who had pointed out will be released in future.

3.3 Human Resource Management

Audit observation	Recommendation	Accounting Officer's Commentary
There were 22 vacancies in approved posts.	Vacancies should be filled.	Two Secondary Level and 4 Primary Level Posts have been completed.

3.4 Assets Management

3.4.1 Not Certifying The Protection Of The Assets

Audit observation	Recommendation	Accounting Officer's Commentary
(a) While the title deeds and survey plans of 4 lands and 46 cemeteries of the Sabha which had use from several years not available, 13 cemeteries that owned to the sabha had not been protected.	it should be cleared the ownership of the lands.	Request had been made by the divisional Secretary as clear the all cemeteries which used by the PradeshiaSabha

3.4.2 Assets That Had Not Transferred

Audit observation	Recommendation	Accounting Officer's Commentary
(a) Actions had not been taken to transfer 04 vehicles that had used by the Sabha and owned to the other entities.	the ownership should be transferred.	The transferring could not be made of 02 vehicles due to the matters that had stated by pointed. Actions had been taken to transferred the motorcycle to the PradeshiyaSabha.
(b) Actions had not been taken to transferred the ownership of the 3 cemeteries with an area of 02 acres and 31 perch according to the schedule of land and buildings and other 16 land parts that could not noticed the area specifically	The legal documents should be prepared to verifying the ownership of the lands.	I inform that, while the legal documents could not available with the Sabha actions will be taken to prepared legal documents to the name of the Sabah in the year 2019.



(c) Actions had not been taken to transfer the land with an area of 60 perch that had used for dumping waste that owned to the commission of the land reformation.	Actions should be taken to transfer the lands.	The task of transferring g this land to the Sabha should to be done by the commissioner council of the land reformation on the basis of rent or lease. Further the sabah had requested as to perform this task as soon as possible.
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### 3.4.3 Idle and underutilized Assets

----- Audit observation -----	----- Recommendation -----	----- Accounting Officer's Commentary -----
(a) 9 plots of land handed over to the pradeshiyasabha as plots of land had been in the wild without Utilizing for public purposes or public services.	Lands belonging to the council should be utilized effectively	Work is also underway to use lands to generate the income by clearing the land and use for common matters
(b) The machinery and 04 vehicles worth of Rs. 1,305,900 and 08 machineries which could not identify the value had been idle.	Actions should be followed to repair the vehicles that can be repaired and dispose the vehicles cannot be repaired.	I inform that actions will be taken to forward the vehicle to the repairs or to auctions if could not be used.
(c) It had remained a balance of Rs.36, 729 on a deposit account in the Peoples' Bank which was dormant account since the year 2013 and had opened the year 1996.	The savings accounts should be used effectively.	Actions will be taken to get this amount of Rs.36.729 to Sabha income which available in the account that bearing the no. 24120015007124 in the Peoples' Bank

### 3.4.4 Utilizing the vehicles

----- Audit observation -----	----- Recommendation -----	----- Accounting Officer's Commentary -----
A JCB machine and two concrete mixing machines, and two vehicles had been underutilized due to the vacancies of the drivers.	Vehicles should be utilized appropriately.	While it had recruited for the driver post that had approved by the Department of the Management Service and it had been sent to new

posts of driving for approval to recruitments.

### 3.5 Procurement

#### 3.5.1 The procurement Plan

##### Audit observation

##### Recommendation

##### Accounting Officer's Commentary

Although the procurement schedule has been prepared in accordance with 4.2.2 of the Government Procurement Guidelines, As a result of the sample testing, purchases had been made to the tune of Outside purchases had been made at Rs. 3,278,640.

Procurement guidelines should be followed.

Action will be taken to prepare a detailed procurement plan.

#### 3.5.2 Contract Administration

##### Audit observation

##### Recommendation

##### Accounting Officer's Commentary

At Thambahitiyawa Crematorium  
Completing the rest of the work

(a) Although the value of contracts that can be awarded to a Society in terms of Procurement Guidelines 3.9.1 should not exceed Rs. 2 million, it had given by Both parties had signed same day agreements for a sum of Rs. 3,526,668 by making to estimates.

Action should be taken as per circular instructions.

While the rest of the work of the crematorium has not been completed by the Swawasakthi community of Polwatta, The community has been informed the Sabhain writing that the project is not viable.

- (b) While the time the agreement was signed on 07 February 2019, 38 days had elapsed, but the work had not been commenced, According to the agreement, the industry should have been completed on 28 February.
- Action should be taken as per circular instructions.
- The work on the rest of the crematorium project is in progress, and work on the construction of the combustion chamber and chimney has been delayed. At the request of the community council, the contract period has been extended by one month.