

Akurana Pradeshiya Sabha
Kandy 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 18 March 2019 and the summary report of the Auditor General had been presented to the Chairman on 28 May 2019 and the descriptive management report regarding the financial statements had been presented to the Chairman on 31 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 Akurana 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)	A land worth of Rs.1,850,000 and 03 land that could not value. The value of it had not been accounted.	It should be accounted correctly.	Action will be taken to corrected in the find account in the year 2019.
(ii)	The amount of Rs.653,917 which had been paid to 03 community halls and a stall of the Sabha had not been capitalized.	It should be accounted correctly.	Action will be taken to corrected in the find account in the year 2019.
(iii)	It had not been accounted the receivable balance amounting Rs.24,500 and payable balance amounting Rs.100,000	Creditors cannot be allocated without a creditor.	The amount had account as creditors because necessary of the waste burner.

- (iv) It had been debited the capital expenditures and credited the creditors with an amount of Rs.1,003,800 without purchasing a waste burner. It should be accounted correctly. Action will be taken to corrected in the find account in the year 2019.
- (v) It had not been allocations in the accounts to the Audit Fees in the year under review. It should be accounted correctly. Action will be taken to corrected in the find account in the year 2019.

(b) Receivable and Payable Accounts

	Audit Observation	Recommendation	Accounting Officer's Commentary
(i)	The debtor balance which had elapsed a time of 1-5 years was amounting to Rs.368,792	Accounts should be taken to recover the receivable balances.	The debtor balance between the year 1-3 is amounting to Rs.175,022
(ii)	The total payable accounts balance which had elapsed a period of one year was amounting to Rs.3,539,321	Accounts should be taken to recover the receivable balances.	The balance between the year 1-5 is amounting to Rs.395,557

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)	Pradeshiya Sabha Act No 15 of 1987			
(i)	Section 52	Although it had reported the illegal constructed in road and streams reservations, Actions had not been taken in this regard.	Action should be taken to stopped the illegal constructions according to the rules and regulation.	The construction the road and stream reservation had been assigned to the Municipal Development Authority.

(ii)	Section 126(vii)(e)	An amount of Rs.253,400 had not been charged for 76 Notice boards.	The collection must be done by annual survey.	An amount of Rs.603,490 had been collected in the year 2018 and had informed by the letters for nonpaying notice boards.
(b)	Section 32(9) of the Local Authorities (standard by-laws) Act No.6 of 1952 published in the Gazzette No.520/7 on 23 August 1988	An amount of Rs.1,769,000 had not been charged for the meat transportation.	Local Authorities should be action according with the by-laws.	I will charge for the meat that is tested.
(c)	Financial regulation 571 of Democratic Socialist Republic of Sri Lanka.	Action had not been taken regarding the 52 deposits amounting Rs.518,953 which had elapsed 52 years.	Action should be taken according to the Financial Regulation.	Action are being taking according to the financial regulation 571 regarding 52 deposits amounting Rs.518,953
(d)	Public Administration Circulars			
(i)	The circular 25/2014 dated on 12, November 2014.	An amount of Rs.2,967,855 had been paid to two employees who had permanent their post while there were not successfully completed service of 180 days.	Appointments should be done regularly.	I informed it is carrying out the prior investigation about the recruited trainees.
(ii)	Circular No: 30/2016 dated on 29, December 2016.	It had not been carried out the fuel combustion test of 19 vehicles.	Action should be taken as per the circular.	I inform that the fuel combustion test of several vehicles owned by the Sabha had been done.
(e)	The Cabinet paper named introduction the programmed to monitoring the	Action had not been taken to regulating the Three-wheeler service.	It should be regulated.	Action had been taken to regulate the Three-wheeler service.

Three-wheelers No.
NP/RT/C/TR/CM/12
/07 and dated on 05,
September 2012.

1.5 Transaction that could not be verified by an enough Authority

Audit Observation	Recommendation	Accounting Officer's Commentary
An amount of Rs.79,002 had been paid for earring out the conferences without complying to the section 132(k) of the Pradeshiya Sabha Act.	It should be spent after getting the authority.	It had been presented for the approval of the Ministry.

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.16,044,348 as compared with the corresponding excess of revenue over recurrent expenditure for the preceding year amounted to Rs.20,165,502

2.2 Revenue Administration

2.2.1 Estimated Revenue, Revenue Billed, Revenue Collected and the Arrears of Revenue

Details of Estimated Revenue, Revenue Billed, Revenue Collected and the Arrears of Revenue for the year under review and the previous year 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.
Rates Taxes	5,987,300	6,072,632	5,001,338	1,071,292	5,987,300	5,996,872	4,880,388	2,398,816
Rent	1,255,800	3,322,006	3,180,701	141,305	3,423,000	3,683,339	3,571,123	113,435
License fee	2,500,000	3,016,850	3,016,850	-	2,200,000	2,369,650	2,369,650	-
Other Income	12,700,000	-	-	12,700,000	12,200,000	-	-	12,200,000
Total	22,443,100	12,411,488	11,198,889	13,912,597	23,810,300	12,049,861	10,821,161	14,712,251

2.2.2 Performance in Revenue Collection

Audit Observation	Recommendation	Accounting Officer's Commentary
Although the revenue that recovered within the year under review was amounting to Rs.27,123,739 the progress of revenue collection was at a percent of 41 due to the collection of the year was amounting to Rs.11,198,889	The arrears revenue should be collected.	Accept.

2.2.3 Court fines and Stamp Fees

Audit Observation	Recommendation	Accounting Officer's Commentary
An amount of Rs.296,909 of court fines and an amount of Rs.19,340,215 of stamp fees had been remained to receive end of the year under review.	Action should be taken to collect the revenue to the Sabha.	It had been informed by letters to collect the arrears fines and there was a delay when submitting the Stamp Fees schedules.

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
Although it should to be enacted by laws regarding performing main 30 matters according to the section 126 of the Pradeshiya Sabha act. It had been imposed 15 by laws only.	Action should be taken to generate revenue by imposing by laws as can be collected revenue to the Sabha.	Accept.

(b)	Non-Provision of Fund -----		
	Audit Observation -----	Recommendation -----	Accounting Officer's Commentary -----
	24 Tasks which had planned and to be implemented by the Sabha could not be performed.	The planned activities must be performed.	I inform that this issue will be corrected in the future.
(c)	Abandoned Tasks -----		
	Audit Observation -----	Recommendation -----	Accounting Officer's Commentary -----
	Although it had allocated an amount of Rs.4,000,000 for 16 tasks from the annual budget that tasks had not been performed.	The budgeted proposals should be performed.	It had given priority of the proposals of the public agents.
(d)	Solid waste Management -----		
	Audit Observation -----	Recommendation -----	Accounting Officer's Commentary -----
	The waste which collected in the area of Akurana had not been taken by separating as decaying and non-decaying.	The waste management should be done regularly.	Accept.
(e)	Environmental Issues -----		
	Audit Observation -----	Recommendation -----	Accounting Officer's Commentary -----
	Given the approval to construct the private bridges across the streams, constructing the houses without keeping adequate spaces to the stream	Action should be taken to avoiding irregular constructions.	It will be got a solution to the constructing bridges the streams by doing conversation on the approval of the Divisional Secretary.

reservation constructing concrete posts of lot of houses in the stream had been caused to overflow the 'Piga-Oya'

(f) Sustainable Development Goals

Audit Observation

Recommendation

Accounting Officer's
Commentary

The index had not been recognized by the Sabha to measure the progress of achieving them by identifying the sustainable development goals and objectives.

Action must be taken to achieve the sustainable development goals by identifying them.

Sustainable development goals had been identified. I inform that the measuring activities after preparation of the action plan are in progress.

3.2 Human Resource Management

Audit Observation

Recommendation

Accounting Officer's
Commentary

(a) It had 2 Surpluses in one post and 20 vacancies in 08 posts.

Action must be taken to avoiding the surpluses and full fill the vacancies.

Accept.

(b) It had remained an employee loan balance of Rs.39,875 which due from an employee who had transferred before 10 years.

Actions should be taken according to the instructions of the circular.

Action will be taken to write off from the Sabha fund by forwarding to the General Assembly.

3.3 Operational Inefficiencies

Audit Observation

Recommendation

Accounting Officer's
Commentary

(a) The rates had been charged for the year 2018 on the valuation of the year 2011.

The rates should be amended once in 05 years.

This task had been missed since the delay of the Department of the Valuation.

(b)	Although the Sabha had issued 24 certificates of compliance in the years 2017 and 2018. Action had not been taken to charge the rates on temporary assessment.	Action should be taken to charge the rates or on the temporary assessment.	A part had been situated out of the rate zone. Action will be taken to done a temporary assessment to other locations.
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3.4 Assets Management

3.4.1 Not-Performing the Maintenance and Repairs

Audit Observation -----	Recommendation -----	Accounting Officer's Commentary -----
Although it had passed 30 tears after constructing the Akurana common market complex which comprised with 35 stalls and located in the Akurana city. It had not been repaired and converted as suitable.	Action should be taken to obtain the expected benefits.	The receiving income was law due to non-suitability to doing business activities.

3.4.2 Idle and Under Utilized Assets

Audit Observation -----	Recommendation -----	Accounting Officer's Commentary -----
The motor grader worth of Rs.17,649,179 and the excavator worth of Rs.2,000,000 had been remained without utilizing.	Action must be taken to utilize.	It had informed to the Ministry of Local Government as this is not necessary.

3.5 Procurement

3.5.1 Procurement Plan

Audit Observation -----	Recommendation -----	Accounting Officer's Commentary -----
It had not been prepared procurement plan for the year 2018.	The procurement plan should be prepared.	Accept.

3.5.2 Contract Administration

Audit Observation

Although It had donated materials worth of Rs.166,625 to repair the temple road from Galekade to Mawathupola, a report of quality examination had not available.

Recommendation

The status report should be obtained.

Accounting Officer's
Commentary

It had been given instructions to obtained a status report.