

MedadumbaraPradeshiyaSabha
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 28 March 2019 and the summary report of the Auditor General had been presented to the Chairman on 14 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 Medadumbara 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)	The value of 02 assets that had receives as donations and 02 office equipments amounting Rs.69,407 had been underaccounted.	It should be accounted correctly.	Accept.
(ii)	It had been over accounted the creditors by an amount Rs.77,915 and under accounted the debtors by an amount of Rs.48,344	It should be accounted correctly.	Accept.
(iii)	Land and buildings had been over accounted by an amount of Rs.168,234	It should be accounted correctly.	Accept.
(iv)	It had been overstated industrial creditors by an amount of Rs.1,469,937 and	It should be accounted correctly.	Accept.

the receivable debtors had been understated by an amount of Rs.400,000

(b) Receivable and Payable Accounts

Audit Observation

Recommendation

Accounting Officer's
Commentary

(i) Account Receivable

The value of receivable balance over 05 years was amounting to Rs.14,567,082

Accounts should be taken to receive the receivable balances.

I inform that have receiving to the money the development projects regarding this values at a considerable level.

(ii) Accounts Payable

The total payable accounts balance which had elapsed a period of 05 year was amounting to Rs.1,869,447

Accounts should be taken to recover the receivable balances.

While it had been paid money of development projects at a considerable level and it had not requested the retention for that.

(d) Lack of written Evidence to the Audit

Audit Observation

Recommendation

Accounting Officer's
Commentary

The value of Rs.47,147,341 of regarding 08 accounts could not be satisfactorily roached in audit due to non submission of stock registers, Deposit Registers which had balanced with schedules etc.

It should be Presented of evidence confirming the balance sheet in the financial statements.

Accept

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)	The section 126 (vii) (f) of the Pradeshiya Sabha Act No: 15 of 1987 and the gazette which had published on 13 December 2016	An amount of Rs.53,887 from 46 Notice boards had not been collected	Fees should be charged by conducting survey at the beginning of the year	While it had been conducted a survey on notice boards and action will be taken to recovered the arrears revenue.
(b)	Section 10 of the circular No 2016/03 dated on 17 March 2016 of the Commissioner of Local Government of Central Province	It had been sub leased the 09 stalls	Actions should be taken according to the guidelines of the circular by taking over the sub leased stalls to the sabha	While it had not been sub leased 05 stalls from 09 stalls, and I informed that it had deployed other persons in this stalls I will be reported about reminder after investigation
(c)	Financial Regulation 371 (2)(b)	It had not settled an advance amount of Rs.160,728	Advance should be settled when completed relevant task suddenly	Accept

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.12,383,727 as compared with the corresponding excess of revenue over recurrent expenditure for the preceding year amounted to Rs.1,711,330

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	3,615,024	3,693,815	4,533,420	2,734,289	3,756,802	3,855,960	4,007,323	3,182,497
Rent	2,337,626	2,598,674	3,327,988	1,896,747	2,771,989	1,971,998	1,748,857	3,593,541
License fee	3,073,600	3,141,886	3,076,836	3,079,836	2,784,915	2,810,049	2,808,799	60,350
Other Income	474,100	549,600	610,580	750,630	404,580	484,560	181,040	1,812,060
Total	9,500,350	9,983,975	11,548,824	8,461,502	9,718,286	9,122,567	8,746,019	8,648,448

2.2.2 Performance in Revenue Collection

Audit Observation

Although the revenue that recovered within the year under review was amounting to Rs.18,632,423 the progress of revenue collection was at a percent of 41 due to the collection of the year was amounting to Rs.11,548,824

Recommendation

The arrears revenue should be collected.

Accounting Officer's Commentary

Accept.

2.2.3 Court fines and Stamp Fees

Audit Observation

The court fines that had to be received was amounting to Rs.879,086

Recommendation

Actions must be taken to recovered relevant money.

Accounting Officer's Commentary

Observation accepted.

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 PradeshiyaSabha 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 PradeshiyaSabha act. It had been imposed 19 by laws only.	Action should be taken to generate revenue by imposing by laws as can be collected revenue to the Sabha.	Accept.

(b) Not Obtaining the Expected Outcome

Audit Observation -----	Recommendation -----	Accounting Officer's Commentary -----
Although it had constructed a toilet in the Children park by expending an amount of Rs.1,991,802 and it had constructed a wall for constructing a Children Park by expending an amount of Rs.874,437 It had been idle.	Action must be taken to getting maximum benefits from assets.	While the actions had been made to start a Day Care Centre and it had been ready for construction a Children Park.

(c) Solid Waste Management

Audit Observation -----	Recommendation -----	Accounting Officer's Commentary -----
The waste which collected within the area had been released to the environment as a manner of harmful without using for recycling.	Waste must be management in a manner of not harmful to the environment.	Accept.

(d) 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 Management Inefficient

Audit Observation -----	Recommendation -----	Accounting Officer's Commentary -----
(a) It had been allowed to continuing unfathomed stalls at the lands of the PradeshiyaSabha.	Action must be taken to utilize the lands of PradeshiyaSabha for its functions.	Accept.
(b) The amount of Rs.280,853 which should to be reimburse from the Divisional Secretariat Office had been paid from the fund of the PradeshiyaSabha.	Actions must be taken to recovered those money.	Since the money junction was imposed by the case No. P/15/14, The amount was paid on 21 November 2015. The Divisional Secretary refused the payment stating that the project was not working.

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| (c) | Although it had been given the training for sewing with 124 machine worth of Rs.3,500,000 to the unemployed public at the area of authority of the MedadumbaraPradeshiyaSabha under the programs of Development the Specific Economic and Infrastructure Facilities in the year 2018. The objective of this program had not been achieved due to non-performing at their self-employed while it had been given the sewing machine worth of Rs.2,000,000 in the year 2017, It had been done for second time without testing the success of them. | It must be follow up on the success of self-employment projects and follow up on the success of the project to see if the programs are effective. | The beneficiary list for the project has been given by the relevant councilors. The Pradeshiya Sabha has not been invented in this and the machines have been given to the beneficiary register of the Hon Councilors. |
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3.3 Human Resource Management

Audit Observation	Recommendation	Accounting Officer's Commentary
(a) There were 17 vacancies in 10 posts and 03 excess in 02 posts.	Action must be taken getting approval for the excess of employees and fill the vacancies.	Action are talking to filled the vacancies.
(b) A loan balance of Rs.1, 519,761 had to be collected from 22 employees who had transferred.	Actions must be taken to recover the arrears loan balance.	This balance had minimized currently.

3.4 Operational Inefficiencies

Audit Observation	Recommendation	Accounting Officer's Commentary
(a) It had been lost an amount of Rs.240,000 since non-taking of action to rent out the stall on the building which situated the	Action should be taken to leased out by charging assessed rental.	I have been informed that the General Assembly has approved the setting up of the

land Udispaththuwa fair and the down floor had been idle since non-performing the assessment.

training Center on 27 September 2018 since three times tenders have not been submitted.

(b) The arrears sharpent of the Economic Center was amounting to Rs.1,155,922 and the arrears rent of 08 shops was amounting to Rs.409,598 It had been charged Rs.1,760,000 by subleasing these stalls.

Action must be taken to recover the arrears shop rent and taken action regarding sub leasing according to the laws and Rules.

While it had been informed as 05 stalls out of 09 had not leased, action have made to cancel the agreement according 17 of the agreement regarding remained leased. Action will be taken to recover the arrears.

(c) While it had been subleased the lands of the Sabha without assessing the rent in arrears was amounting to Rs.468,815 since 08 months to 09 years.

Action should be taken recovered the arrears.

An amount of Rs.92,000 had been recovered and case have been filed to recover the rest.

(d) The arrears was amounting to Rs.1,081,396 which to be received from weekly fair, butcher shops, fish stalls.

Legal actions must be taken since this balance is continuing from the year 2009.

Accept.

3.5 Idle and Under Utilized Assets

Audit Observation

Recommendation

Accounting Officer's
Commentary

(a) While a Jeep worth of Rs.600,000 had been idle since 05 years and other 05 vehicle had been under-utilized.

Action must be taken audition and repairing.

Accept.

(b) The motor grader worth of Rs.24,928,666 had been idle.

Action must be taken to utilized these assets.

Accept.

3.6 Procurement

Procurement Plan

Audit Observation

It had been spent on capital expenditures an amount of Rs.34,347,856 without preparing procurement plan.

Recommendation

A procurement plan should be prepared.

Accounting Officer's
Commentary

Accept.

4. Accounting and Good Government

Audit Observation

The net allocation amount of Rs.1,979,000 that had been allocated to 24 votes had been remained.

Recommendation

It should be prepared a realistic budget.

Accounting Officer's
Commentary

Accept.