

Panwila 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 27 March 2019 and the summary report of the Auditor General had been presented to the Chairman on 21 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 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 Panwila 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 -----	Comment by the Accounting Officer -----
(i)	The land valued at Rs. 9,800,000 was not capitalized.	It should be accounted correctly.	It will be taken action to capitalize.
(ii)	The total cost of the construction of the Huluganga Spectrum in 2012 was Rs. 1,190,406, had not been capitalized,	It should be accounted correctly.	It will be working on correcting next year.

(B) Unreconciled Accounts

Audit Observation	Recommendation	Comment by the Accounting Officer
A difference of Rs .42,197 observed between the library book account balance and the supporting documents.	The differences in the relevant balances should to be corrected by comparing.	It will reply to the disagreements.

(C) Accounts Receivable and Payable

Audit observations	Recommendation	Comment by the Accounting Officer
(I) The debtor balance which had elapsed a time of 05 years was amounting to Rs. 2,062,326.	Action should be taken to recover the balance due.	Further action will be taken after discussing with the Audit and Management Committee.
(Ii) Balance of Accounts Payable over a period of 5 years amounted to Rs. 2,610,914.	Action should be taken to settle the outstanding balances.	It will be reported that the balance remains.

1.4 Non-compliance

Non-compliance with laws, rules, regulations and management decisions

Refer to laws, rules, regulations and management decisions	Non-compliance	Recommendation	Comment by the Accounting Officer
(a) Pradeshiya Sabha Act No 15 of 1987			

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| (i) | 126 (vii) E
and (xxx) sub clause | It had not been recovered a notice Board fees of Rs.328,086. | Action should be taken according to the Pradeshiy Sabha act . | Action will be taken to recover |
| (ii) | Section 149 | Revenue had been lost to the Sabha due not obtaining the a set of accounts submitted Tourism Board. | Revenue should be charged on the set of accounts presented to the Tourist Board. | It will inform you that action has been taken to collect the revenue on the basis of the set of accounts presented by the Certificate.
Chartered Accountant |
| (B) | Paragraph 10 of the Local Government Commissioner's Circular No. 2016/3 dated 17th March 2016 | Although it could not be sub leased the stalls, it had been subleased 15 stalls. | Action should be taken as per the circular of the Local Government Commissioner . | It will take action to correct it 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. 3,675,644 compared with the corresponding excess of revenue over recurrent expenditure for the preceding year amounted to Rs.3,648,584.

2.2 Revenue Administration

2.2.1 Estimated Revenue, Billed Revenue, Accumulated Revenue and Deficit Revenue

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

Source of revenue	Estimated revenue	2018			2017			Total deficit as of December 31st
		Management Billed revenue	Revenue collected	Total deficit as of December 31st	Estimated revenue	Management Billed revenue	Revenue collected	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
(i) Assessment and Taxes	1,488,000	1,493,076	1,377,915	446,318	1,438,000	1,491,634	1,316,746	379,104
(ii) Rent	1,228,800	1,124,650	1,103,907	66,915	1,077,571	1,113,528	1,106,580	42,751
(iii) License fee	2,845,250	3,077,965	3,026,965	72,000	2,226,000	2,978,946	2,941,946	37,000
(iv) Other Revenue	2,416,600	3,209,775	1,007,405	2,612,269	1,119,800	2,273,795	1,397,710	1,055,090
	7,978,650	8,905,466	6,516,192	3,197,502	5,861,371	7,857,903	6,762,982	1,513,945

2.2.2 Performance of revenue collection

Audit Observation

Although the total revenue to be collected during the year under review was Rs.10, 419,411, the revenue collection for the year was 62% which was Rs.6,516,192.

Recommendation

Arrears should be recovered.

Comment by the Accounting Officer

Accept.

2.2.3 Court Fines and Stamp Fees

Audit Observation

An amount of Rs.631, 550 court fines and an amount of Rs.883, 700 of stamp fees had been remained to receive end of the year under review.

Recommendation

Action should be taken to collect the relevant money.

Comment by the Accounting Officer

Schedule for receipt of arrears has been forwarded to the Chief Secretary.

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

Comment by the Accounting Officer

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 18 by laws only.

The council should enact by-laws that can generate revenue.

It will prepare and send answers soon.

(B) Non-provision of funds

Audit Observation

Recommendation

Comment by the Accounting Officer

The funds had not been allocated by the annual budget which should to be performef according the annual action plan

The budget should be prepared so that the action plan can be met.

It will prepare and send answers soon.

(C) Failure to achieved expected outcome

Audit Observation

Recommendation

Comment by the Accounting Officer

The Huluganga Fish Shop has been closed since 2017.

Using mountings my work should be.

Advertisements in newspapers of the 03 December 2018 had done for leased out by tender calling in 2019 for alternatives.

(D) Solid Waste Management

Audit Observation

Recommendation

Comment by the
Accounting Officer

One ton of garbage is collected from the area daily, and the non-decaying garbage is being disposed of at Morahela and Huluganga Ganga Senjones Hill land without proper procedure. The two lands two sloppier, because the garbage disposal while landslide and natural dangers to the cause of the pollution was a major causes of the waste disposal Knuckles.

Waste management should be regularized.

Once the recommendation has been obtained to obtain a land from the Central Environmental Authority, the land can be obtained and the garbage disposal will be more formal.

(E) Sustainable Development Goals

Audit Observation

Recommendation

Comment by the
Accounting Officer

The sabha did not identify the Sustainable Development Goals and the indicators for achieving and measuring progress.

Sustainable Development Goals are identified work must be performed to achieve them,

It will prepare and send answers soon.

3.2 Management inefficiencies

Audit Observation

Recommendation

Comment by the Accounting
Officer

(a) While it had not been enacted the assessment of the year 2009 for 30 stalls of the sabha, and it had been lost a revenue of Rs. 1,416,500 and Rs.

Action should be taken to levy valuation tax.

According to the letter dated 25th February 2017, the Commissioner of Local Government has informed the

1,573,000 hence it was not enacted the assessment of the year 2016.

suspension of assessment. Accordingly, the valuation was not implemented until the financial year 2018.

(B) Action has not been taken to agree on the assessment of 2018 for the 08 plots of land owned by the Sabha. Action should be taken to levy valuation tax. I hope to present the problems to the sabha and resolve them.

3.3 Human Resource Management

----- Audit Observation -----	----- Recommendation -----	----- Comment by the Accounting Officer -----
There were 3 staff vacancies.	Vacancies must be completed.	It will be take action to fill these vacancies .

3.4 Asset Management

3.4.1 Non-Receipt Of Revenue From Assets

----- Audit Observation -----	----- Recommendation -----	----- Comment by the Accounting Officer -----
02 vehicles Worth of Rs .24, 880,000 not been operating.	Action should be taken to utilize these vehicles.	It was not used as drivers are not, and basic work has been done to recruit drivers. It report that it is being used for revenue generation.

3.4.2 Vehicle utilization

----- Audit Observation -----	----- Recommendation -----	----- Comment by the Accounting Officer -----
(A) It had been used 417 km of 02 vehicles by same officer at same time.	Management must be taken the necessary actions.	It will be taken actions to prevent such errors in the future.

(B)	It had been spent an amount of Rs.45,281 for fuel by running a cab of the sabha on 48 days without official uses.	Duties of chap downloaded trapped vehicles that do not use the must.	It will be taken actions to prevent such errors in the future.
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3.5 Procurement

3.5.1 Procurement plan

Audit Observation	Recommendation	Comment by the Accounting Officer
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Goods and services had been purchased spending Rs. 1,181,796 without preparing a procurement plan.	Action should be taken to prepare the procurement plan.	It will be take action to correct such shortcomings in the future.

3.5.2 Contract Administration

Audit Observation	Recommendation	Comment by the Accounting Officer
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Although the security wall of entrance of hulugaga watching centre had been constructed by spending Rs.1,472,704 but it had been cracked and there was a risk of laying down. Also there was a risk on property and life damages.	Constructions should do in accordance with the standards.	While an estimate had not been prepared, although it had pointed out by the audit the loss of its was amounting to Rs, 1,472.704 the Engineer had been informed that the loss should be Rs.515,789 due to the wall had been constructed in 03 parts. The Engineer is on an opinion of this was occurred due to sand filling without technical and engineering instructions.