

Aranayake Pradeshiya Saba
Kegalle District

1. Financial Statement

1.1 Submitting of Financial Statement

The Financial Statement for the year 2018 has been submitted to the audit on 18th March 2019. The Summary Report of the Auditor General on this Financial Statement and Detail Management Audit Report have been sent respectively on 31st May 2019 and 25th June 2019 to the Chairman.

1.2 Qualified Opinion

In my opinion , except for the effects of the matters described in basis for the qualified opinion section of this report, the financial statements give a true and fair view of the Financial Position of the Aranayake Pradeshiya Saba as at 31 December 2018 and its Financial Performance for the Year then ended in accordance with generally accepted accounting principles.

1.3 The basis for the qualified opinion

(a) Accounting Deficiencies

Audit Observation -----	Recommendation -----	Comments of the Accounting officer -----
(i) Rs 93,260 worth of electrical inventory and Rs 1,223,524 worth of other inventory consisting in the Board of survey report had not been accounted as at 31 st December 2018.	All inventories should be accounted.	Necessary actions will be taken for accounting the electrical inventory and other inventory in future.
(ii) Rs 296,435 worth of computer, furniture and other equipment consisting in the Board of survey report had not been accounted as at 31 st December 2018.	All inventories should be accounted.	This will be accounted when preparing the financial statement for the year 2019.

(b) Unreconciled accounts

----- Audit Observation -----	----- Recommendation -----	----- Comments of the Accounting officer -----
(i) Differences of Rs 1,940,710 had been prevailed between balances of the 07 accounts votes in the financial statement and its supporting documents year ending under review.	Relevant balances should be corrected by reconciliation.	The Difference of Rs 180,534 prevailing from 2014 was Rs 180,584 at the year ending 2018. Unable to settle the advanced balance of Rs 330,619 due to the information not available with local authority. Difference arise in the common deposit balances due to the non-consisting of house rent and security deposit on week fair. Difference of Employee Security deposit balance prevailed prior to year 2014 will be further investigated.

(C) Suspense Account

----- Audit Observation -----	----- Recommendation -----	----- Comments of the Accounting officer -----
Rs 631,350 of suspense accounts balance prevailed from prior to the year 2001 had not been reconciled.	Suspense accounts should be reconciled by making required adjustment.	The balance cannot be reconciled due to the non-availability of relevant documents in the local authority to find out the information with regard this balance.

(D) Payable Accounts

----- Audit Observation -----	----- Recommendation -----	----- Comments of the Accounting officer -----
Cumulative payable accounts balances were exceeded in two years as at the year ending under review are Rs 433,973.	Actions should be taken to settle payable balances.	Rs 32,514 received from tender deposits and retention on construction and Rs 5,672 received from miscellaneous deposit had been returned. Non payable amounts are prevailing due to the

issues attached to the road construction.

Security deposit on agreement cannot be returned and action will be taken to transfer revenue from non-refundable impress cash.

1.4 Non-compliance

1.4.1 Non-compliance with Laws, Rules, Regulations and Management Decisions

Reference to Laws, Rules, Regulations and Management Decisions	Non compliance	Recommendation	Comments of the Accounting officer
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Para 02 of the circular no 1988/22 and dated on 17 th May 1988 issued by commissioner of local government.	Rate assessment had not been exercised which should have been exercised in each five year time.	Should be compliance for the provisions of circular.	It has not yet been performed. Even though all necessary documents had been sent to the Valuation Department to conducting the new assessment.

2. Financial Review

2.1 Financial Results

According to the financial statements presented, the income beyond the recurrent expenditure of the Saba for the year ended 31st December 2018 was Rs.8, 202,140 and correspondence revenue over recurrent expenditure for the previous year was Rs.10, 764,751.

2.1 Revenue administration

2.2.1 Estimated Revenue, Billed Revenue, Collected Revenue and due Income

Given information on the estimated income, billed income & collected income and due income for year under review and prior year are shown as follow.

Sources of Revenue	2018				2017			
	Estimated Revenue	Billed Revenue	Collected Revenue	Total deficit as at 31 December	Estimated Revenue	Billed Revenue	Collected Revenue	Total deficit as at 31 December
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
I Rates and Taxes	2,567,000	2,814,733	2,769,007	108,779	2,517,000	2,657,613	2,547,042	250,616
ii Rent	2,642,600	1,924,885	1,923,273	321,130	1,925,800	1,849,730	1,730,190	364,816
iii License fee	360,100	367,352	367,353	-	355,500	455,935	455,936	-
iv Other Income	53,992,700	59,720,198	34,183,434	32,773,354	45,008,760	44,085,000	27,392,125	28,482,031

2.2.2 Rates

Audit Observation	Recommendation	Comments of the Accounting officer
The due rates for the 31 st December 2018 were Rs 69,185 of which a balance Rs 12,653 has not been recovered since 01 to 10 year times.	Action should be taken to recover dues.	Non consisting Rates and taxes for the valuation year 2011 of Rs 12,653 have been presented to the general meeting to write off. Rs 20,282 of the due amount in year 2018 were recovered in subsequent year. Further recoverable amount of Rs 10,695 from issues attached to the five location will be recovered or redeem and rest amounts will be recovered in the year 2019.

2.2.3 Rent

Audit Observation	Recommendation	Comments of the Accounting officer
(i) The rent of Rs 55,672 should have been received from Dikpitiya week fair for the year 2002 and 2004.	Actions should be taken to collect due income.	Non recoverable amount of Rs 20,220 was prevail and instructions will be obtained from commissioner of local government with regard to the rest of due amount
(ii) The due house rent amount over one year was Rs 247,058 as at end of the year under review.	Actions should be taken to collect due income.	Working according to the board determination with regard to receivable amount from Aranayake corporative society of Rs 4,558 and rest of due rent Rs 242,500.

2.2.4 Court Fines and Stamp Duty

----- Audit Observation -----	----- Recommendation -----	----- Comments of the Accounting officer -----
The court fines and stamp duty receivable from chief secretary of provincial council were Rs 3,417,125 and Rs 15,910,526 respectively as at 31 st of December 2018.	Action should be taken to collect due income.	The court fines of Rs 658,000 and stamp duty of Rs 13,163,176 had been recovered during the year 2019. Procedures are being taken to remove of Rs 542,925 from the register.

3. Operational Review

3.1 Performance

Following observations were made of the functions performing on public health, public utility services, regulating and administration of public roads, convenience and welfare of the public under section 3 of the Pradeshiya Sabha Act.

(a) Action Plan

----- Audit Observation -----	----- Recommendation -----	----- Comments of the Accounting officer -----
(i) Works had not been performed according to the action plan for the year under review. Even though planned had been prepared to acquire the land for the production of compose fertilizer, extending rating area and preparing land tax plan.	Actions Should be taken to perform the objects include the action plan.	(i) Extending the rating area and preparing a tax plan for land will be performed. (ii) Survey plan of a five acre had been completed for a compose production project in the land called Debathgama and environmental recommendations had been obtained
(ii) Saba had scheduled to implement the by-laws during the	Actions should be taken to perform the planed work according to the	A Few of by-laws will be imposed to enact in future. By-laws with regard to Solid

year under review. But it had not been done.

action plan of the year under review.

waste will be enacted.

(c) Solid Waste Management

Audit Observation	Recommendation	Comments of the Accounting Officer
<p>-----</p> <p>Proper program had not been functioned by Saba for disposing the waste.</p>	<p>-----</p> <p>Proper waste management programme should be prepared.</p>	<p>-----</p> <p>-</p> <p>Steps will be taken to perform with regard the solid waste management according to the gazetted by-laws by the Sabaragamuwa provincial council. It was difficult to find the suitable place to dispose the waste. Therefore wastes have been removed to the rented out 50 perch of large land.</p>

(d). Environmental Issues

Audit Observation	Recommendation	Comments of the Accounting Officer
<p>-----</p> <p>Unable to obtain the service to the Public those who have limited space in urban area due to the unavailable of suitable land belongs to the saba for disposing sewage.</p>	<p>-----</p> <p>Action should be taken to facilitate the public.</p>	<p>-----</p> <p>Pradesiya saba does not have a land to dispose the sewage. Sewage facilities are provided to those who have suitable space. All applicants will be provided the facilities after receiving the land for disposing sewage.</p>

3.2 Human Resources Management

Audit Observation	Recommendation	Comments of the Accounting Officer
<p>-----</p> <p>There were thirteen vacancies in the eleventh</p>	<p>-----</p> <p>Steps should be taken to recruit vacancies and</p>	<p>-----</p> <p>Commissioner of local government and chief secretary</p>

categories of designations and two excess employments were remaining in the one designation.

regularizing extra staff.

are informed regarding the non-vested powers to Sabha for completing the vacancies of Liberian, preschool teachers, Health administrator chemist and cemetery operator. Rest of vacancies and excess had been recruited.

3.3 Asset Management

3.3.1 Non Assurance the Security of the Assets.

Audit Observation

38 cemeteries are prevailed according to the cemetery registration and investigation had not been made to protect the cemeteries.

Recommendation

Investigation should be made to transfer.

Comments of the Accounting Officer

Cemeteries belong to the Sabha will be investigated. Relevant surveys and transferring will be performed to protect the properties by making aware the general meeting in future.

3.3.2 Non Transferred assets

Audit Observation

Rs 33,556,588 worth twelve Vehicles and four tailors belong to the ministry of local government and Sabaragamuwa provincial council had not been transferred.

Recommendation

Action must be taken to transferred to the sabaha.

Comments of the Accounting Officer

Formats for vehicle transferred are prepared. These signed applications are submitted to acquire as soon as possible

3.3.3 Idle and Underutilized Assets

Audit Observation	Recommendation	Comments of the Accounting Officer
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(a) Rs 784,300 worth of bail machine received under the pura naguma project by provincial sabha and ministry of local authority dated on 18 th January 2018 had not been utilized.	Procedure should be made to utilize the assets.	Requirement for making polythin block had not been arisen up to date.
(b) Sabha had failed to take suitable steps with regard to the long lasting 06 idle vehicles and machines worth of Rs 5,055,698.	Actions should be taken to dispose if unable to use.	Necessary actions are being taken with regard to these vehicle.

3.4 Identified losses

Audit Observation	Recommendation	Comments of the Accounting Officer
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Responsible officers for deficits of Rs 40,000 worth multi-function mobile cubicle and Rs 3,000 worth of 03 items have not been identified to recover deficit cash.	Actions should be taken to identify the responsible officers to recover the cash.	Multi-function mobile cubicle is being taken to make by responsible officer and recover the cash of Rs 3,000 for worth of three items.

4. Accounting and good governance

4.1 Budgetary control

Audit Observation	Recommendation	Comments of the Accounting Officer
<p>Cumulative Rs 1,627,120 of the 28 budget items allocated by the budget for the year under review had not been fully utilized and between 80 and 99 percent of the allocation of Rs. 2,547,658 not utilized in Rs 1,627,120 from 11 expenditure items.</p>	<p>Realizable budget should be made.</p>	<p>No expenditure incurred on daily salary, foreign travel, legal charges, audit fees, allowance for training. expenditure for provincial council week, welfare payment, train warrant, court charges, free train warrant, payment for employee payment fund, and repair for draining system</p>

3, 2 Audit and management committee.

Audit Observation	Recommendation	Comments of the Accounting Officer
<p>One audit and management committee had been held during the year under review.</p>	<p>Actions should be taken to hold the audit and management committee.</p>	<p>The first meeting for the year 2019 has been held on 12th March 2019 and proposed to hold on 11th June, 19th September and 5th December in the year 2019.</p>