

Bandarawela Pradeshiya Sabha  
Badulla District

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1. Financial Statements

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1.1 Presentation of Financial Statements

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The Financial statements for the year 2018, had been presented for audit on 26<sup>th</sup> February 2019, and the summary report of the Auditor General on the financial statements and the detailed management report had been forwarded to the chairman on 31<sup>st</sup> may 2019.

1.2 Qualified Opinion

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On my opinion, except for the effect of matters described in the basis for qualified opinion section of this report, the financial statements give a true and fair view of the financial position of the Bandarawela Pradeshiya Sabha as at 31<sup>st</sup> December 2018 and its financial performance for the year than ended in accordance with generally accepted accounting principles.

1.3 Basis for Qualified Opinion

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(a) Accounting Deficiencies

	Audit Observation	Recommandation	Comments of the Accounting Officer
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(i)	Expenditure of Rs.236,356 for non fulfilled works relevant to three works had not been appeared as at 31 in the reviewed year.	Accounts should be rectified.	Accounts will be rectified in forward year.
(ii)	Non receivable court fines relevant to the previous year was Rs.113,558. But this amount had not been adjusted in the accounts in previous year.	Accounts should be rectified.	Accounts will be rectified in forward year.
(iii)	Receivable court fines revenue of Rs.1,918,396 had been appeared as Rs.1,741,839 in the accounts.	Accounts should be rectified.	Accounts will be rectified in forward year.
(iv)	Receivable stamp fees of Rs.14,905,400 had been appeared as Rs.14,458,238 in the reviewed year.	Accounts should be rectified.	Accounts will be rectified in forward year.
(v)	Receivable interest Amounting Rs.306,805 relevant to fixed deposit accounts had not been accounted in the year under review.	Accounts should be rectified.	Accounts will be rectified in forward year.

- (vi) Existed investment of Rs.10,306,805 Accounts should be Accounts will be had not been appeared in the rectified. rectified in forward accounts as at 31<sup>st</sup> December in reviewed year. year.

(b) Lack of Necessary Documentary Evidence for Audit

Audit Observation	Recommendation	Comments of the Accounting Officer
It was unable to verify satisfactorily vouched in audit due to non presented, two items of assets of Rs.20,091,031 and miscellaneous deposit balance of Rs.4,972,989 relevant deeds, extracted copies, vested orders, detailed, sale documents and fixed assets register.	Assure ins evidences relevant to balances appearing in financial statements should be forwarded.	Action will be taken to submit the financial statements with evidence.

1.4 Non Compliance

Non Compliance with Laws, Rules, Regulations and management Decisions

Instance of non compliance with laws, rules, regulations and management decisions appear below.

Reference to laws, rules, regulations and management decisions.	Non Compliance	Recommendation	Comments of the Accounting Officer
(a) Pradeshiya sabha act no.15 of 1987  Section 47 (1) and 49	From 208 for a 173 accordance certificate had not been issued for new buildings approved by the council in year 2014 and 2018.	Approval of the council should be taken for buildings construction.	Action will be taken to follow the laws, rules and regulations.

- (b) Establishments code of the Government of the Democratic Socialist Republic of Sri Lanka Receivable loan balance of Rs.457,637 had not been taken from four officers interdicted and dismissed form the service. Receivable loan balance should be collected. Action will be taken to follow laws, rules and regulation in the year 2019.
- (c) Financial regulations of the Government of the Democratic Socialist Republic of Sri Lanka. Seven cheques of Rs.18,413 had not been presented to pay due to having expired. Accordance financial regulation should be ousted. Action will be taken to follow the laws and rules in year 2019.

### 1.1 Financial Review

### 1.2 Financial Results

According to the financial statements, the excess of revenue over recurrent expenditure of the sabha for the year ended 31 December in reviewed year, amount Rs.13,342,374 as compared with the excess of revenue over recurrent expenditure of the proceeding year amounting Rs.15,306,215.

### 1.3 Revenue Administration

#### 1.3.1 Estimated revenue, Revenue bills, Revenue collected and the Arrears of revenue

Information, relating to estimated revenue, revenue billed, revenue collected and the arrears of revenue furnished for the year, under review and previous year appear bellow.

Source of revenue	2018				2017			
	Estimated revenue	Revenue billed	Revenue collected	Total arrears as at December	Estimated revenue	Revenue billed	Revenue collected	Total arrears as at December
	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs
Rates and taxes	274,000	274,000	458,492	856,840	287,200	287,200	353,522	890,892
License fees	500,000	500,000	449,650	50,350	290,000	290,000	450,222	-
Other revenue	6,400,000	6,400,000	17,589,104	4,255,271	4,494,200	4,494,200	19,128,423	12,311,069
<b>Total</b>	<b><u>7,174,000</u></b>	<b><u>7,174,000</u></b>	<b><u>18,497,246</u></b>	<b><u>5,162,461</u></b>	<b><u>5,071,400</u></b>	<b><u>5,071,400</u></b>	<b><u>19,932,167</u></b>	<b><u>13,201,961</u></b>

## 1.3.2 Performance in collection of revenue

Audit Observation	Recommendation	Comments of the Accounting Officer
(a) By revenue, billed of Rs.7,174,000, non recovered amount of 5,162,461 had not been collected by the end of year. It is 72% of the revenue billed.	Arrear of revenue should be collected.	Action will be taken to plan for recovery all the arrears in reviews.
(b) Total amount of Rs.23,723,225 more than existing one year had not been collected in reviewed year.	Accounts should be prepared correctly.	

## 1.3.3 Court fines and stamp fees

## (a) Court fine

Audit Observation	Recommendation	Comments of the Accounting Officer
Receivable arrears of court fine amount Rs.1,918,396 and arrears of stamp fees amount of Rs.14,458,238 had not been collected as at 31 December in reviewed year.	Arrears of court fines and stamps fees should be collected.	Action will be taken to collect arrears of court fine and stamp fees.

## 2. Operating Review

## 2.1 Performance

The following matters were revealed with regard to duties to be fulfilled by the sabha in terms of section 3 of the pradeshiya sabha act. Such as regularization and control matters relating to public health, common amenities and public highways, healthy environment of the public facilities weitan etc.

## (a) By- Laws

Audit Observation	Recommendation	Comments of the Accounting Officer
By laws had been imposed, according to pradeshya sabha act to perform for a thirty matters but by laws relevant to seven matters had not been imposed, or embraced as at 31 December in reviewed year.	For the facts non by laws should be imposed or embraced.	Awareness of staff had been done for preparing sustain development plan.

## (b) Sustainable Development Targets

Audit Observation	Recommendation	Comments of the Accounting Officer
With regard to United Nation's Development agenda "2030" had been become aware, but for indicators had not been become aware for the development objects and targets identified by the council.	Progress should be measured to reach indicates identified, for development objects and annual targets.	Staff had been done aware to prepare sustainable development plan.

## 2.2 Human Resources Management

Audit Observation	Recommendation	Comments of the Accounting Officer
In respect of four posts had been employed five others but overstaff had not been approved 31 <sup>st</sup> December in the year under review.	Over staff should be approved.	Instruction had been given to fulfill the over staff and lacking posts and to maintain successfully.

## 2.3 Management Inefficiencies

Audit Observation	Recommendation	Comments of the Accounting Officer
Amount of accumulated expenditure creditors is Rs.399,523. Amount of accumulated works creditor is Rs.6,508,329. But total amount of Rs.6,907,852 above mentioned creditors had not been settled in the reviewed year.	Balances of payable accounts should be settled.	Action will be taken to pay after taking financial allocations.

## 2.4 Procurement

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## Procurement Plan

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Audit Observation

Recommendation

Comments of the  
Accounting Officer

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A procurement plan should not be prepared in reviewed year.

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A procurement plan should be prepared.

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Action will be taken to prepare a procurement plan correctly in year 2019.

## 3. Accountability and Good Governance

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## 4.1 Implementation of Audit and Management Committee

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Audit Observation

Recommendation

Comments of the  
Accounting Officer

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According to the circular no.D.M.A 2009(1) and dated on 09 June 2009 issued by management audit department, one audit and management committee should be held one for a quarter but audit and management committee had been held only one in reviewed year.

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According to circular should be preferment.

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Action will be taken to hold audit and management committee for each quarter.