

Ella 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 Statement for the year 2018,had been presented for audit on 04 April 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 2019 May 30 and 31 may 2019.

1.2 Qualified Opinion  
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In 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 Ella pradeshiya Sabha as at 31 December 2018,and its financial performance for the year then ended in accordance with Generally Accepted Accounting principles.

1.3 Basis for Qualified Opinion  
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a) Accounting Deficiencies  
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Audit observation -----	Recommendation -----	Comments of the accounting officer -----
i) Security investment of employers relevant to previous year due to had not been entered correctly . There for security investment and accumulated fund had been under stated by Rs: 18202.	Accounts should be corrected.	Action will be taken to rectify by a journal entry in the year 2019.
ii) Stamp fees revenue in the reviewed year had been under stated by Rs: 512,614	Accounts should be corrected.	Action will be taken to rectify by a journal entry in the year 2019 .
iii) Financial allocation had not been allocated for audit fees in the reviwed year .	Accounts should be corrected.	Action will be taken to rectify by a journal entry in the year 2019.

iv) Receivable interest revenue of Rs:102,523 in the reviewed year had not been entered in the accounts Accounts should be corrected. Action will be taken to rectify in financial statements by correct adjustments in the year 2019.

b) Lack of evidence for audit

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Audit observation	Recommendation	Comment of the accounting officer
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It was unable to verify satisfactorily vouched in audit due to non presented two assets items valued Rs: 302,494,340, A three items of responsibilities ,The three advance items valued Rs: 288,161, Detailed sub register Approved professional values is reports and time analysis.	Confirming evidences should be forwarded for account balance, appeared in the financial statements.	Relevant evidences will be presented in year 2019.
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1.4 Non Compliance

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

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References to laws regulations and management decisions	Non compliance	Recommendation	Comments of the accounting officer
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a)Pradeshiya Sabha act; No 15 of 1987 section 49 and 52	Legal action had not been taken for removing the 21 identified unauthorized constructions.	Construction works should be performed according to the provisions of act.	Legal action will be taken for relevant constructions in year 2019.
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b) 1988 Pradesiya Fixed assets in the According to the assets of council saba (Financial and pradeshiya Sabha assets of council will be verified. administration)Rule had not been verified should be verified.  
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## 2. Financial Review

### 2.1 Financial Results

According to the financial statements presented ,the excess of revenue over recurrent expenditure even Rs: 101,893 of the sabha for the year ended 31<sup>st</sup> December 2018,as compared with the excess of revenue over recurrent expenditure of the proceeding year is Rs: 25,662,283 .

#### 2.2.1 Revenue Administration

Estimated revenue ,revenue billed .revenue collected and the arrears of revenue.

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

Source of revenue	2018				2017			
	Estimated revenue	Revenue billed	Revenue collected	Total arrears as at 31 <sup>st</sup> December	Estimated revenue	Revenue billed	Revenue collected	Total arrears as at 31 <sup>st</sup> December
Rates and taxes	Rs : 3,526,630	Rs: 4,476,585	Rs: 2,919,986	Rs: 6,277,601	Rs: 4,426,630	Rs: 4,426,500	Rs: 2,785,330	Rs: 6,314,316
Rent	1,370,000	1,357,516	734,476	884,929	1,475,200	1,245,839	792,967	853,618
other revenue	<u>7,959,500</u>	<u>2,645,598</u>	<u>2,377,090</u>	<u>13,578,640</u>	<u>8,890,000</u>	<u>7,575,688</u>	<u>4,356,550</u>	<u>4,855,898</u>
Total	<u>12,856,130</u>	<u>8,479,699</u>	<u>6,031,552</u>	<u>20,741,170</u>	<u>14,791,830</u>	<u>13,248,027</u>	<u>7,934,847</u>	<u>12,023,832</u>

### 2.2.2 Performance in Collection of Revenue

Audit observation	Recommendation	Comments of accounting officer
a) Total amount of revenue billed for the reviewed year is Rs: 8,479,699 .Previous existed balance of arrears of Rs: 20,741,170 had not been collected at the end of the year.	Revenue of arrears should be collected	Plans have been prepared for recovery revenue of arrears in year 2019.
b) revenue non collected of above mentioned revenue is Rs: 37,654,599 at the end the of year.	Action should be taken for recovery receivable balance.	Action will be taken to collect the receivable revenue.

### 2.2.3 Court Fines and Stamp Fees

Audit observation	Recommendation	Comments of the accounting officer
a) <u>Court fines</u> Receivable court fines as at 31 <sup>st</sup> of December in the reviewed year is Rs: 2,087,375	Arrears of court fines should be collected.	Action will be taken for collection arrears of court fines in the year 2019.
b) <u>Stamp fees</u> Receivable arrears of stamp fees as at 31 <sup>st</sup> December in the reviewed year is Rs: 9,958,563	Arrears of stamp fees should be collected	Action will be taken for collection of stamp fees in the year 2019.

## 3. Operating Review

### 3.1 Performances

The following matters were revealed with regards to duties to be fulfilled by the sabha in term of section 03 of the pradheshiya sabha act such as regularization and control of matters relating to public health , common amenities and public highways, healthy environment of the public ,facilities ,welfare etc.

Audit observation -----	Recommendation -----	Comment of the accounting officer -----
a) sustainable development target with regard to the sustainable development agenda (2030) of united nations even had been become aware, indicators of measurements had not been identified for sustainable development objects and targets.	Action should be taken to approach the annual targets and objects.	Action will be taken for approach the identified development objects and target.
b) an action plan had not been prepared for review year	Action plan should be prepared.	Action will be taken for preparing action plan for year 2019.

### 3.2 Management Inefficiencies

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Audit observation -----	Recommendation -----	Comments of the accounting officer -----
a) Amount of drinking water supply projects commenced by council is 27 ,With this projects for 24 only fixed fees have been charged without fixed water meters.	All water meters should be fixed for all project.	Water meters have been fixed for 03 projects.
b) balance of creditors commencing more than one year is 16,004,560. But balance of creditors had not been settled in the review year	Payable balance should be settled.	Action will be taken to fix the water meters for the other projects.

### 3.3 Human Resources Management

Audit observation	Recommendation	Comments of accounting officer
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a) For one vacancy had been appointed the two officers in the reviewed year as at 31 <sup>st</sup> of December.	Posts of over staff should be approved.	Action will be taken for getting approval of over staff.
b) Thirteen vacancies had been excited instead of four vacancies in the council for the reviewed year as at 31 <sup>st</sup> of December.	Vacancies of staff should be filled .	Action will be taken to fullfield the vacancies .
c) Receivable loan of Rs: 109,165 from two officers transferred and dismissed had not been charged.	Employees loan should be charged.	Action will be taken to charge the loan from one employee and an legal action will be taken for other two employees.

### 3.4 Procurement

Audit observation	Recommendation	Comments of the accounting officer
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Procurement plan had not been prepared for the reviewed year.	Procurement plan should be prepared	Action will be taken to prepare the procurement plan in the year 2019

#### 4. Accountability and Goal Governance

##### 4.1 Audit and Management Committee.

Audit observation	Recommendation	Comments of the accounting officer
<p>With regards to the circular No D.A.M.A / 2009 (01) and dated on 09/06/2019 of audit department ,even management committee should be held one time for a quarter. But only two management committees had been held for the reviewed year.</p>	<p>Management committee should be held according to the instruction of circulars for review year.</p>	<p>Action will be taken to hold management committee by one to quarter.</p>