

**Attanagalla Pradeshiya Sabha**

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**Gampaha 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 29 March 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 25 June 2019 and 13 September 2019 respectively.

**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 Attanagalla 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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<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
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(a) The motor car and carts Account and the Fixed Deposits Account had been understated by Rs.13,492,000 and Rs.107,219 respectively.	Correct value of assets should be accounted.	Accepted. Explanation will be furnished later.
(b) Deposits for 5 works amounting to Rs.129,323 and 06 balances of Land and Building amounting to Rs.2,251,666 had been omitted in the accounts.	Transactions should be accounted.	Accepted. Explanation will be furnished later.
(c) Fifteen projects of the previous year had not been constructed	Action should be taken to remove the value of	Accepted. Explanation will be furnished later.

But, Rs.5,253,187 had been Capitalized. This had not been removed from the accounts. projects not constructed.

- (d) Creditors of 06 projects had been understated by Rs.1,369,143 and creditors 04 projects had been overstated by Rs.315,476 in the accounts. Action should be corrected. Accepted. Explanation will be furnished later.

## 1.4 Non - Compliance

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

Instances 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) Financial Regulation 571 of the Democratic Socialist Republic of Sri Lanka	Action had not been taken regarding deposits of Rs.9,787,259 over 02 years.	Action should be taken according to the provisions.	Accepted. Explanation will be furnished later.
(b) Circular No. 1980/46 of 31 December 1980 of the Commissioner of Local Government	Assessment of stall rent 248 stalls of the sabha had not been done every 05 years.	Action should be taken according to the provisions.	Accepted. Explanation will be furnished later.

## 2. Financial Review

### 2.1 Financial Results

According to the financial statements presented, the excess of revenue over recurrent expenditure of the Sabha for the year ended 31 December 2018 amounted to Rs.19,574,937 as compared with the excess of revenue over recurrent expenditure of the preceding year amounting to Rs.53,964,007.

## 2.2 Financial Control

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<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
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(a) The sabha's objective is to spend its fund to achieve utmost benefit, However, Rs.22 million had been invested in 06 investments.	Action should be taken according to the sabhas's objectives.	Not replied.
(b) Action had not been taken to settle dishonoured cheques of Rs.25,000 since 2014.	Action should be taken to settle dishonoured cheques.	Not replied.

## 2.3 Revenue Administration

### 2.3.1 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 below.

Source of Revenue	2018				2017			
	Estimated Revenue	Revenue Billed	Revenue Collected	Total arrears as at 31 December	Estimated Revenue	Revenue Billed	Revenue Collected	Total arrears as at 31 December
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Rates and Taxes	26,326,000	30,025,147	29,610,416	27,194,998	18,909,000	35,427,575	30,751,450	26,372,753
Rent	16,421,000	17,390,062	18,623,858	1,401,952	14,916,000	17,373,089	18,325,021	6,392,095
Licence Fees	1,723,000	1,507,520	1,710,478	-	1,023,000	292,410	311,410	202,958
Other Revenue	85,185,000	85,045,651	104,317,836	105,270,206	69,196,000	69,928,143	24,643,077	126,813,288

### 2.3.2 Rates and Taxes

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	<b>Audit Observation</b> -----	<b>Recommendation</b> -----	<b>Comments of the Accounting Officer</b> -----
(a)	The progress in recovery of billings was 95 per cent and the percentage of recovery of arrears was O.	Action should be taken to recover arrears of revenue.	Not replied.
(b)	The arrears of rates as at 31 December of the year under review was Rs.26,904,434 which consisted of Rs.4,463,971 of less than 1 year, Rs.6,417,946 of 1 to 3 years, Rs.3,825,206 of 3 to 5 years and Rs.12,197,310 over 5 years.	Action should be taken to recover arrears of rates.	Not replied.
(c)	Out of the arrears of Rs.12,197,310 over 5 years, Rs.8,434,734 related to Egodapatha sub office. This included Rs.2,632,457 of 852 units over 10 years and of this 56 units of over Rs.10,000 amounted to Rs.747,837.	Action should be taken to recover arrears.	Not replied.
(d)	Veyangoda sub office consisted of Rs.114,513 over 10 years. Of this. 3 units consisted of over Rs.10,000. Rs.92,379 was due from the Siyane Korale Textile Institute.	Action should be taken to recover arrears.	Not replied.

### 2.3.3 Stall Rent

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	<b>Audit Observation</b> -----	<b>Recommendation</b> -----	<b>Comments of the Accounting Officer</b> -----
(a)	The sabha had failed to recover Rs.4,093,625 over 10 years due from 27 stalls of the Veyangoda sub office.	Action should be to recover previous balances.	Accepted. Explanation will be furnished later.
(b)	Balances of 1-5 years during the year under review amounted to Rs.1,377,419.	Action should be taken to recover arrears of stall rent.	Accepted. Explanation will be furnished later.

### 2.3.4 Other Revenue

----- <b>Audit Observation</b> -----	----- <b>Recommendation</b> -----	----- <b>Comments of the Accounting Officer</b> -----
Environmental Licences had not been issued whereas trade licences had been issued to 41 institutions.	Trade licences should not be issued without issuing environmental licences	Not replied.

### 2.3.5 Court Fines and Stamp Fees

----- <b>Audit Observation</b> -----	----- <b>Recommendation</b> -----	----- <b>Comments of the Accounting Officer</b> -----
Stamp fee of Rs.99,200,000 had not been obtained without classification in terms of section 129 of the Pradeshiya sabha Act.	Action should be taken according to the Pradeshiya Sabha Act.	Accepted. Explanation with be furnished later.

## 3. Operating Review

### 3.1 Evaluation of 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 of matters relating to public health, common amenities and public highways, healthy environment of the public, facilities, welfare etc.,

#### (a) Action Plan

----- <b>Audit Observation</b> -----	----- <b>Recommendation</b> -----	----- <b>Comments of the Accounting Officer</b> -----
Action Plan had not been prepared for 08 functions as per by - laws enacted.	Action plan should be prepared for the required task.	Prominence will be given for bye - laws while preparing action plan.

**(b) Solid Waste Material Management**  
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<b>Audit Observation</b> -----	<b>Recommendation</b> -----	<b>Comments of the Accounting Officer</b> -----
(i) The sabha had not levied garbage tax. Disposal of garbage in the area had been limited to 40 per cent of the area.	Action should be taken to provide maximum services.	Residents dispose their garbage in their premises.
(ii) An agreement had not been entered into with the Garbage Management Authority for disposal of garbage.	Agreements should be entered into.	The Sabha had entered into an agreement with the Srilanka Land Reclamation and development corporation for disposal of garbage and payments.

**(c) Environmental Problems**  
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<b>Audit Observation</b> -----	<b>Recommendation</b> -----	<b>Comments of the Accounting Officer</b> -----
Out of the 306 public complaints received by the Sabha, about 54 had not been resolved.	Public complaints should be resolved.	Reply and explanation will be furnished later.

**(d) Sustainable Development Target**  
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<b>Audit Observation</b> -----	<b>Recommendation</b> -----	<b>Comments of the Accounting Officer</b> -----
Long term plan to uplift the living standards and health of the public of the authoritative area of the Sabha by the global indicators referred had not taken place in 2018as required by the 2030 Agenda of the Sustainable Development Objectives.	Should act according plan.	Long term plan had been prepared for 2019 to 2022 under proper training and guidance. About 17 development objectives had already commenced.

### 3.2 Management Inefficiencies

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Audit Observation	Recommendation	Comments of the Accounting Officer
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The previous balances had not been reconciled with register of general deposits. The correctness of Rs.35,129,203 of accumulated balances could not be confirmed in audit.	Register should be properly maintained.	Error in maintenance of deposit register had caused this.

### 3.3 Human Resources Management

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Audit Observation	Recommendation	Comments of the Accounting Officer
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Requirements had not been made for 04 vacancies for posts of Revenue Inspectors from 2010 to 2015.	Vacancies should be filled.	Filling of 04 vacancies for posts of Revenue Inspectors had been delayed due to cases filed.

### 3.4 Employee's Loans

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Audit Observation	Recommendation	Comments of the Accounting Officer
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The recovery of Rs.117,850 from vacated employee is in suspense.	Action should be taken to recover loans.	Action is being taken to recover the loan balances of Rs.305,507 due.

### 3.5 Operating Inefficiencies

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Audit Observation	Recommendation	Comments of the Accounting Officer
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(a) Advance of Rs.96,721 obtained for guile bowser had been retained in the General Deposit Account as at 31 December 2018. This relates to 2014 to 31 December 2017.	Deposits should be credited to revenue.	Quick action is being taken to credit past deposits to revenue.



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|-------|---|--|---|
| (b)   | Action had not been taken to repair 03 equipment costing Rs.489,000 belonging to the Physical Training Center.  | Suitable repairs should be made.                             | Quotations had been called from the purchasing company for repairs. |
| (c)   | Only 46 out 356 stalls of the sabha signed agreements by 31 December 2018. Low rent of 300 per month had been recovered from 253 stalls even by 10 December 2018 which had been decided in 1980 - 1989. | New assessment and agreements should be obtained for stalls. | Not replied.  |
| (d)   | The following matters were observed regarding 69 stalls of Veyangoda trade complex.   |  |   |
| (i)   | About 05 stalls The minimum rent was Rs.500 and the maximum rent was Rs.2,175.  | New assessments should be obtained.                          | Not replied.  |
| (ii)  | The front row stalls obtained on low rent had been sub let for Rs.10,000 to Rs.25,000 per month.  | Should act according to the agreement.                       | Not replied.  |
| (iii) | At the time of audit, 17 out 69 stalls had been closed. 05 stalls were to be acquired by 10 December 2018.  | Reason for closure of stalls should be found out.            | Not replied.  |

### 3.6 Annual verifications of Goods / Stocks

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Audit Observation	Recommendation	Comments of the Accounting Officer
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Misplacement of 541 books valued at Rs.99,335 and 316 books, the values of which had not been mentioned were observed. Suitable action had not been taken.	Necessary action should be taken regarding books misplaced.	Query accepted. The relevant librarians had been requested to take proper action regarding misplacement of books pointed out by the board of survey.

### 3.6.1 Identified losses

Audit Observation	Recommendation	Comments of the Accounting Officer
(a) Re-connection charges of Rs.17,250 had been paid on 05 instances due to late payment of bills.	Should be recovered from officers concerned.	Instructed to pay the surcharges by 2 sub offices.
(b) The motor grader of the sabha 305A had not been used on 29 June 2016. After 2 years of non usage, the machine had been sent for repairs on 03 May 2018 and subsequently sold. Insurance coverage of Rs.343,086 had been paid.	Necessary action should be taken.	Accepted. Reply and explanation will be furnished later.

### 3.7 Procurement

#### 3.7.1 Supply and Services

Audit Observation	Recommendation	Comments of the Accounting Officer
There was possibility to purchase 1000 chairs with arms at the rate of Rs.1,222 each while purchasing 1000 chairs. But, 500 chairs had been purchased at the rate of 1,250 from another company causing a loss of Rs.64,000	Loss should be recovered.	Accepted. Reply and explanation will be furnished later.

#### 3.7.2 Unresolved Audit observations and un replied Audit Queries.

##### Unresolved Audit observations

Audit Observation	Recommendation	Comments of the Accounting Officer
Action had not been taken in terms of financial Regulation 104 regarding the water motor of Rs.450,000 mentioned in the previous years report.	Should act according to the Financial Regulations.	The assistant Commissioners' office had been requested to inquire and furnish report in terms of Financial Regulation 104 with regard to the misplacement of motor of the Berlin machine of the Athanagalla Predeshiya Sabha.