

Ambagamuwa Pradeshiya Sabha
Nuwara Eliya District

1. Financial statements

1.1 Submitting Financial Statements

The financial statements of the year 2019 had been presented to the audit on the 28th of February 2020 and the summary report of the Auditor General was sent to the chairman on 21st of May 2020 and the detailed management report sent on 18th of June 2020.

1.2 Qualified opinion

In my opinion that, except the effect on the financial statements of the matters referred under the paragraph 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 Ambagamuwa Pradeshiya Sabha as at 31st of December 2019 and financial results of its operations for the year then ended.

1.3 The basis for the qualified opinion

(A) Accounting deficiencies

Audit observation -----	Recommendation -----	Accounting Officer's Commentary -----
(i) The advance of Rs. 125,000 paid to the Maskeliya Co-operative Society for obtaining fuel for the vehicles of the Maskeliya Sub Office was not transferred to the Maskeliya Pradeshiya Sabha but was shown under the sabha's pre-paid and advances.	Action must be taken to transfer or recover the advance amount.	It will be corrected in 2020.

(B) Un-reconciled control accounts

Audit observation -----	Recommendation -----	Accounting Officer's Commentary -----
(i) There is a difference between Rs.11,908,150 the value of 02 account balances in the financial statements prepared as at 31 st of December of the	Action should be taken to compare control accounts in a timely manner.	No comments.

year under review and the relevant documents related to those account balances

(C) Accounts Receivable and Accounts Payable

Audit observation	Recommendation	Accounting Officer's Commentary
<p>a) As at 31st of December of the year under review, the industrial debt balance was Rs. 65,871,368 out of which Rs. 26,050,468 had exceeded one year period.</p>	<p>Actions should be taken to recover the arrears.</p>	<p>No comments</p>
<p>b) The balance of accounts payable as at 31st of December of the year under review was Rs.92,685,808 out of which Rs.55,263,978 had exceeded one year period.</p>	<p>Actions should be taken to settle the creditors.</p>	<p>No comments.</p>

(D) Lack of written evidence required for the audit

Audit observation	Recommendation	Accounting Officer's Commentary
<p>No evidence was presented to the audit regarding the industrial assistance amounting to Rs. 13,536,207 for 65 occasions for the year 2017 and earlier.</p>	<p>Action should be taken to recover or correct accounts.</p>	<p>No comments.</p>

1.4 Non-compliance

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

References to rules and regulations and management decisions	Non-compliance	Recommendation	Accounting Officer to Commentary
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(a) Financial Regulations F R 571(2)	Deposits worth of Rs.302,508 exceeding 2 years deposited 25 occasions had not been disposed off	Acting in accordance with financial regulations.	No comments.
(b) F R 189	Actions had not been taken regarding the returned cheque worth of Rs.118, 659 at 21 times within the time period from the year 1988 to 2007.	Actions should be taken to recover the balances as money.	No comments.
(c) Pradeshiya Sabha (finance and administrative) rule 218	A survey of the lands and buildings belong to the Sabha was not carried out.	Acting in accordance with rules.	No comments.
(d) Circular No. 1988/22 dated 17 th of May 1988 of the Commissioner of Local Government	The valuation of property for assessment tax has not been done once in five years.	Actions should be taken according to the circular.	Request have been made to the Valuation department on several times. It has been announced that it will be done in August 2020.

1.5 Non-compliance with tax requirements

Audit observation	Non compliance	Recommendation	Accounting Officer's Commentary
(a) The Stamp Duty Tax Act No. 12 of 2006	Collected stamp duty of Rs. 2,254,962 year under review and previous years had not been remitted to the Commissioner General of Inland Revenue.	Actions should be taken to remit to the Commissioner General of Inland Revenue.	No comments.
(b) The Nation Building Tax Act No 09 of 2009	A collected Nation Building Tax amount of Rs.738,143 that had collected within the previous year had not been remitted to the Commissioner General of Inland Revenue.	Actions should be taken to remit to the Commissioner General of Inland Revenue.	No comments.

2. Financial Review

2.1 Financial Results

According to the financial statements presented year ended 31st of December 2019, excess of revenue over recurrent expenditure of the sabha amounted to Rs.16,355,920 as compared with corresponding excess of revenue over recurrent expenditure for the preceding year amounted to Rs. 2,026,854.

2.2 Revenue Administration

2.2.1 Estimated Income, Billed Income, Accumulated Income and Deficit Income

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

Source of income	2019				2018			
	Estimated income	billed income	Income collected	Total arrears as of December 31st	Estimated income	billed income	Income collected	Total arrears as of December 31st
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Assessment and Taxes	5,126,400	2,927,733	3,588,220	1,961,779	Estimate had not been created.	2,070,677	1,573,804	1,761,446
Rent	15,020,000	1,747,100	1,617,631	1,384,345		2,387,650	2,504,792	2,339,603
License fee	10,701,000	1,996,798	1,996,798	182,421		1,242,900	1,242,900	182,420
Other Income	79,805,000	-	-	-		7,228,663	7,539,978	15,595,406
total	110,652,400	6,671,631	7,202,649	3,528,545		12,929,890	12,861,474	19,878,875

2.2.3 Performance of revenue collection

Audit observation	Recommendation	Accounting Officer's Commentary
(a) The rates for 13 properties in the Ginigathena area and 11 properties in the Nortonbridge area had not been collected for Rs. 284,207 and Rs. 246,624 respectively for 10 years.	Action should be taken to collect the rats.	No comments.
(b) Outstanding tender shop fees of Rs. 1,002,644 had not been collected for the period from 2008 to 2017.	Action should be taken to collect the outstanding tender fees.	No comments.

2.2.2 Court fines and stamp fees

Audit observation	Recommendation	Accounting Officer's Commentary
Court fines were Rs. 2,052,283 and stamp duty was Rs. 20,000,000 should be collected.	Taking action to collect the relevant money.	No comments.

3 Operational review

3.1 Performance

Followings 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 administrate public health, public utility services and public roads under section 3 of the pradeshiya Sabha act.

(a) Sustainable Development Goals

Audit observation

While the Pradeshiya Sabha had not adequately aware of Sustainable development objectives and targets and the specific tasks in this regard had not done in the year under review.

Recommendation

Sustainable development objectives and targets should be identified and actions should be taken to planning accordingly.

Accounting Officer's Commentary

No comments.

(b) Abundant tasks

Audit observation

- (a) Seven capital projects with a financial allocation of Rs. 88,700,000 in the approved budget for the year under review had not been initiated or taken action as at 31st of December 2019.

Recommendation

Actions should be taken to implement the project.

Accounting Officer's Commentary

No comments.

- (b) Although 19 item distribution projects amounting to Rs.729,014 the money was reimbursed, but the projects were not implemented until 31st of December 2019 approved by the Provincial Councilor Provisions for the year 2018

Actions should be taken to implement the project.

No comments.

(c) Under the Gamperaliya program, after the preparing estimate the allocation of Rs. 2,000,000 has given to the pradeshiya sabha through divisional secretarian office for the development of the road of Gonawala area. The allocation sum of Rs.2,000,000 had been canceled due to the failure of implementing this construction of this Rural Development Society to sign the agreement.	Actions should be taken to prevent those shortcomings in future.	No comments.
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3.2 Management inefficiencies

Audit observation

Recommendation

Accounting Officer's Commentary

An advance of Rs. 1,547,006 paid to various individuals and institutions from 2009 to July of 2019 had not been settled.

Actions should be taken to settle the respective advances.

No comments.

3.3 Human Resource Management

Audit observation

Recommendation

Accounting Officer's Commentary

No action had been taken to fill 17 vacancies in 12 posts and surpluses 02 vacancies in 02 posts

Steps should be taken to fill the vacancies and to formalize the surplus.

No comments.

3.4 Operating inefficiencies

Audit observation

Recommendation

Accounting Officer's Commentary

(a) The recurrent expenditure on water supply for the year under review was Rs. 3,485,994 but the revenue was Rs. 926,051 and the loss on water supply was Rs. 2,559,943.

Should be taken an action to recover the cost as much as possible.

No comments.

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| (b) | It had not been taken quality testing report of water before start the tasks, although paid the sum of Rs.1,167,614 for the drinking water project in Stradana State Eastern section year under review. Subsequent quality testing reports from the National Water Supply and Drainage Board revealed that the percentage of bacteria in the water was very high. | Measures should be taken to purify the water. | No comments. |
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3.5 Assets Management

3.5.1 Utilization of vehicle

Audit observation	Recommendation	Accounting Officer's Commentary
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Four vehicles and two motorcycles belonging to the sabha had been out of service for more than five years and had not been repaired, utilized or disposed of.	The decisions of the Goods Survey Board should be followed.	No comments.

4. Accountability and Good Governance

4.1 Budgetary Control

Audit observation	Recommendation	Accounting Officer's Commentary
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The Pradeshiya Sabha had not made a statement explaining the changes that had taken place between the budgeted financial provisions and the actual revenue and expenditure under Rule 193 of the 1988 Pradeshiya Sabha.	Should comply with financial and administrative rules.	No comments.