

Ambanganga Korale Pradeshiya Sabha

Matale District

1 Financial Statements

1.1 Presentation of the Financial Statements

The financial statements of the year 2019 had been presented to the audit on the 14 March 2020 and the summary report of the Auditor General and the detailed management report regarding the financial statements had been presented to the Chairman on 31 May 2020.

1.2 The Qualified Opinion

I am in an opinion that, except the effect on the financial statements of the matters referred under the section 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 financial position of the Ambanganga Korale Pradeshiya Sabha as at 31 December 2019 and financial results of its operations for the year then ended.

1.3 The Basis for a Qualified Opinion

1.3.1 Accounting Deficiencies

Audit observation	Recommendation	Accounting Officer's Commentary
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(a) The stamp duty revenue of Rs. 160,500 due for the year under review had not been taken into account.	Account balances should to be corrected.	The actions will be taken to correct when preparing the accounts in 2020.
(b) Tires and vehicle batteries worth Rs.123,775 had been included under machinery and Equipment.	Account balances should to be corrected.	The actions will be taken to correct when preparing the accounts in 2020.
(c) The total interest amount of Rs.90,070 which was received in respect of previous years had been taken into account as income for the year under review.	Account balances should to be corrected.	The actions will be taken to correct when preparing the accounts in 2020.

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| (d) | The value of 08 projects worth Rs. 550,000 which were not contracted on the last day of the year under review had been accounted for under creditors. | Account balances should to be corrected. | The actions will be taken to correct when preparing the accounts in 2020. |
| (e) | Even though there was no retained projects guarantee balance, an amount of Rs. 40,803 had been stated in the financial statements. | Account balances should to be corrected. | This balance is a balance which held from the last account on 31/12/2013. A committee is seeking information on the balance. |

1.3.2 Accounts payable and receivable

(a) Accounts receivable

Audit observation

The total value of the two account balances due on the last day of the year under review was Rs.31,790,435, including Rs.208,491 over 1 year and under 5 years and Rs. 2,991,645 not settled for more than 5 years.

Recommendation

Action should be taken to collect the receivable income.

Accounting Officer's

Commentary

I will take action to bring down all the receivables as soon as possible.

(b) Accounts payable

Audit observation

The balance of two accounts payable on the last day of the year under review was Rs.29,355,898, including Rs.363,355 for more than 01 year and less than 05 years and Rs. 1,689,632 for more than 05 years.

Recommendation

Action must be taken to pay and settle the dues.

Accounting Officer's

Commentary

I will take necessary steps to pay all the expenses expeditiously.

1.3.3 Lack of written evidence required for the audit

 Non submission of the information

Audit observation	Recommendation	Accounting Officer's Commentary
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Required information for 13 account subjects amounting to Rs. 3,530,691 had not been submitted for audit.	Schedules and files related to accounting subjects should be prepared.	I will take action to find information related to these 13 subjects of account.

1.4 Non-compliance

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

References	Non-compliance	Recommendation	Accounting Officer's
To laws,rules ,regulations and management decisions			Commentary
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(a) Public Administration Circulars			
(i) No. 30/2008 dated on 31st December 2008	Although the maximum limit for disbursement of Distress Loans was amounting to Rs. 250,000, distress loans had been granted to 5 officers exceeding that limit.	Actions must be taken in accordance to the circulars.	I will proceed as per the circular from now on.
(ii) No. 30/2016 dated on 29 th December 2016	Fuel combustion of 8 vehicles had not been inspected.	Actions must be taken in accordance to the circulars.	Arrangements had been made to check fuel combustion.

- (b) The Central Local Government Commissioner's Circular No. CP/ CLG/ 2018/08 dated 14th September 2018
- It had not been used a fingerprint machine to mark the arrival and departure of the officers and employees of the Sabha.
- Actions must be taken in accordance to the circulars.
- I will take actions to install the fingerprint machine in the future.

2. Financial Review

2.1 Financial Results

According to the presented financial statements, excess of expenditure over recurrent income for the year ending 31 December 2019 amounted to Rs.415,614 as compared with the corresponding excess of revenue over recurrent expenditure for the preceding year amounted to Rs. 803,539.

2.2 Revenue Administration

2.2.1 Estimated Revenue, Billed amount of Revenue, collected Revenue and outstanding Revenue

Details of estimated revenue, billed revenue, collected revenue and arrears of revenue for the year under review and for the previous year are as follows

Source of revenue	2019				2018			
	Estimated Revenue	billed revenue	Revenue collected	Total arrears as at 31 December	Estimated Revenue	Billed amount of revenue	Revenue collected	Total arrears as at December
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Rates and Taxes	27,500	17,566	17,431	3,886	101,000	12,005	10,258	50,638
Rent	215,000	122,840	123,360	19,820	147,000	96,600	105,030	16,160
License fee	396,000	364,505	364,505	-	335,100	294,016	294,016	-
Other Revenue	5,496,600	4,033,215	4,031,088	1,672,702	4,926,732	3,276,844	3,276,844	
Total	6,135,100	4,538,126	4,536,384	1,696,408	5,509,832	3,679,465	3,686,148	66,798

2.2.2 Water Charges

Audit observation	Recommendation	Accounting Officer's Commentary
(a) The balance of water charges due from 18 consumers was amounting to Rs.71,730.	Arrears income should be recovered.	I will set up mobile offices to collect arrears of water charges.
(b) An amount of Rs. 91,270 which was included in the arrears at the end of the year, was due from 52 customers who were disconnected from water connections.	Arrears income should be recovered.	Preliminary work has been done to refer the arrears to the Conciliation Board for the disconnected locations.
(c) Any action had not been taken to carry out laboratory tests on water purity in the 08 Water Supply Schemes.	Action should be taken to release quality clean drinking water.	Requests in writing had been made to test water samples as soon as possible and provide a quality inspection report.

2. 2. 3 Court fines and stamp fees

Audit observation	Recommendation	Accounting Officer's Commentary
An amount of Rs. 375,367 of court fines and an amount of Rs. 1,032,100 of stamp fees had been remained to receive as at 31 December of the year under review.	It should be collected the arrears revenue.	I will expedite the collection of all court fines and stamp duty due.

3 Operational review

3.1 Performance

Following 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 administer public health, public utility services and public roads under section 3 of the pradeshiya sabha act.

(a) Abandoned Duties

Audit observation -----	Recommendation -----	Accounting Officer's Commentary -----
Eight development projects worth Rs. 550,000 had not been implemented during the year under review.	Action must be taken to accomplish the planned tasks.	No comments.

(b) Delays in Performing Tasks

Audit observation -----	Recommendation -----	Accounting Officer's Commentary -----
Due to non-completion of projects within the stipulated time, allocations amounting to Rs. 14,400,000 for 19 development projects in Grama Shakthi villages had to be returned.	Work must be planned efficiently.	Due to delay in preparation of estimates, delay in getting the estimates approved and coming to the Sabha, due to election time, 19 projects could not be implemented and completed and the allocation was lost to the Sabha.

(c) Sustainable Development Goals

Audit observation	Recommendation	Accounting Officer's Commentary
While the Sustainable Development Goals for the year under review had not been identified and no relevant plan had been prepared. The funds had not been allocated in the budget to achieve the Sustainable Development Goals.	Actions should be taken as per the circular instructions.	I will acquire knowledge of the circular and prepare a Sustainable Development Plan for the coming year.

3.2 Management Inefficiencies

Audit observation	Recommendation	Accounting Officer's Commentary
(a) Although 36 development permits have been issued for the last 3 years, certificates of conformity had not been issued for any of those buildings. 60 applications which were not approved had not been followed up.	Certificates of Conformity should be issued and follow up should be done on applications which have not been approved.	The subject officer was instructed to look into the matter and issue certificates of conformity and to follow up on whether any unauthorized construction has been done without obtaining approval.
(b) Any action had not been taken to publish the roads constructed after the year 1996 in the Gazette by inventory.	The road inventory should to be updated.	The road inventory could not be updated due to the cost of surveying as well as the difficulty of arranging transportation.

3.3 Human Resource Management

Audit observation	Recommendation	Accounting Officer's Commentary
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(a) There were 7 vacancies in the approved staff.	Action should be taken to fill the vacancies.	Work is underway to fill the vacancies.
(b) A Human Resource Plan had not been prepared on the basis of Form 02 referred in Public Administration Circular No. 02/2018 dated 24th January 2018 and the Annual Performance Agreements had not been signed.	Actions should be taken as per the circular instructions.	A human resource plan had not been prepared.
(c) Actions had not been taken to settle the distress loan balance of Rs. 296,945 and the festival advance balance of Rs. 7,500 of two officers who were transferred.	Action should be taken to recover the outstanding debt balance.	I will take action to recover the distress loans of the two officers as soon as possible.

3.4 Assets Management

3.4.1 Non-Acquired Assets

Audit observation	Recommendation	Accounting Officer's Commentary
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Three vehicles and a motorbike received from three external agencies had not been taken over.	Action must be taken to acquire ownership.	Work is underway to take over the Vehicle to the Sabha.

3.4.2 Idle and Underutilized Assets

Audit observation	Recommendation	Accounting Officer's Commentary
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(a) While the children's park adjacent to the multipurpose building remained dormant due to its construction in a place inaccessible to children, and an old library building remained dormant.	Buildings should be used for productive purposes.	Children do not come. Since the children's park is located in a rural area, and I will develop the old library building and build shops.
(b) Three vehicles worth Rs. 10,779,226, a concrete mixer worth Rs. 991,500, a motorcycle and a generator had been left idle and destroyed for a period of 06 years.	Action must be taken to utilize machinery and equipment effectively.	The tipper and the dump truck remained idle due to the difficulty of deploying a driver for these vehicles. While the single cab is being repaired and the opportunity to use generator has not yet arisen.

3.5 Informal transactions

Audit observation	Recommendation	Accounting Officer's Commentary
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While an adjoining shop was built without permission in 2015 by the lessee who leased out the shop No. 01 at the top of Pussellawa, Again in 2019, the lessee had carried out an unauthorized construction on the same site.	Legal action should be taken against unauthorized constructions.	As the provisions for taking legal action against the lessee under the agreements entered into before 2019 are minimal, an assessment has been made in 2019 and steps have been taken to recover the rent under the new agreements.

3.6 Procurement

Audit observation

Recommendation

Accounting Officer's Commentary

The Sabha Fund had incurred a loss of Rs. 1,581,000 for the period between 01 April to December 2019 because The two shops in Matihakka which were completed on 15 th December 2018 have been closed due to inability to tender.

Lease of shops should be done in a proper manner.

I kindly inform you that all the work done so far has been carried out in accordance with the decisions taken by the General Assembly, the Finance Committee and the Tender Board.

4. Accountability and Good Governance

Internal Audit

Audit observation

Recommendation

Accounting Officer's Commentary

(a) An internal audit plan and an internal audit programme had not been made for the year 2019.

The audit should be performed by plannig.

An internal audit programme had not been prepared due to the changing of the secreteary of the institute in the year 2019.

(b) Internal Audit was not able to be carried out quantitatively and independently due to various subject duties assigned to the Internal Audit Officer.

Internal audits should be conducted independently

The subject of internal audit has been assigned to another officer, but due to lack of staff, the subject has been assigned less financial responsibility due to the inability to make the subject fully independent.