

Galewela Pradeshiya Sabha

Matale District

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1 Financial Statements

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1.1 Presentation of the Financial Statements

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The financial statements of the year 2019 had been presented to the audit on the 28 February 2020 and the summary report of the Auditor General had been forward to the Chairman on 26 May 2020 and the detailed management report regarding the financial statements had been forward to the Chairman on 31 May 2020.

1.2 The Qualified Opinion

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I am in an opinion that, except the effect on the financial statements of the matters referred under the section in 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 Galewela 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

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(a) Accounting Deficiencies

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Audit Observation	Recommendation	Accounting Officer's Commentary
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(i) Current liabilities had been understated by an amount of Rs.742,366.	The account should be corrected.	It will be corrected in the financial statement for the year 2020.
(ii) The local debt balance and the loan amount which should be paid to the development fund as at 31 December of the year under review had been over accounted by an amount of Rs.742,366.	The account should be corrected.	It will be corrected in the financial statement for the year 2020.

(iii)	The interest amount of Rs.5,089,176 which should be paid for the loan obtained had not been accounted.	The loan interest amount should be accounted correctly.	It will be corrected in the financial statement for the year 2020.
(iv)	The creditors had been over stated by an amount of Rs.4,785,566 since it had accounted twice the value of creditors of 17 projects what carried out under the common funds in 2019.	The account should be corrected.	It will be corrected in the financial statement for the year 2020.
(v)	An amount of Rs.502,743 which had been expended to purchased machinery and equipment, furniture and fittings computers and components had not been accounted.	The account should be corrected.	It will be corrected in the financial statement for the year 2020.
(vi)	An amount of Rs.1,577,736 which had beard for building developments had not been capitalized.	The account should be corrected.	It will be corrected in the financial statement for the year 2020.

### 1.3.2 Non Reconciled Accounts

Audit observation	Recommendation	Accounting Officer's Commentary
It had been observed a difference of Rs.114,666,304 of 07 accounts balances stated in the financial statements with their relevant schedules supporting documents.	Actions should be taken to correct the accounts by comparing the differences of the balances.	It will be corrected in the financial statement for the year 2020.

(b) Lack of Written Evidence Required for the Audit

Audit Observation	Recommendation	Accounting Officer's Commentary
The acceptable evidence relating 02 accounting subjects worth of Rs.389,191,073 had not been presented to the audit.		While the action are taking to obtain the legal ownership of the lands and buildings and relevant schedules will be corrected regarding the library books.

2. Financial Review

2.1 Financial Results

According to the presented financial statements, excess of income over recurrent expenditure for the year ending 31 December 2019 amounted to Rs.15,025,348 as compared with the corresponding excess of revenue over recurrent expenditure for the preceding year amounted to Rs.13,446,141.

2.2 Revenue Administration

2.2.1 Estimated Revenue, Billed Revenue, collected Revenue and arrears Revenue

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

2019					2018				
Source of revenue	Estimated Revenue	billed revenue	Revenue collected	Total arrears as at 31 December	Estimated Revenue	billed revenue	Revenue collected	Total arrears as at 31December	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Rates and taxes	2,403,0000	2,430,966	3,114,586	1,624,678	2,053,000	3,454,314	2,897,105	2,293,101	
Rent	5,700,000	4,321,580	4,524,528	550,859	4,950,000	3,227,022	3,338,304	150,527	

License fees	4,100,000	3,834,280	3,829,280	691,370	3,550,000	3,498,715	2,807,345	691,370
Other Revenue	22,200,000	23,716,987	8598,700	15,118,287	21,700,000	39,552,551	17,677,445	21,875,109
Total	<u>34,403,000</u>	<u>34,303,813</u>	<u>20,067,094</u>	<u>17,985,194</u>	<u>32,253,000</u>	<u>49,732,602</u>	<u>26,720,199</u>	<u>25,010,107</u>

### 2.2.2 Rates

	Audit Observation	Recommendation	Accounting Officer's Commentary
(a)	the arrears rate had been amounted to 38 percent from the total of the billed amount within the year under review and the amount which remained to received previous years.	Actions should be taken to collect the arrears amounts promptly.	Action will be taken to collect the arrears.
(b)	the rates had not been assessed once in five years.	The rates should be assessed promptly.	I inform that the approval of the Governor had been received for assessed the properties and it had been forwarded to the Department of Valuation for further actions.
(c)	Actions had not been taken to collect the arrears of rates.	The arrears rates should be collected.	I informed that the all actions are undertaking to collect the arrears rates.

### 2.2.3 Shop Rent

Audit Observation	Recommendation	Accounting Officer's Commentary
The tender fee amount of Rs.988,025 which should be received from the stalls had not beenm collected.	The arrears tender fees should be collected promptly.	I inform you that the action will be taken to collect the arrears sum.

### 2.2.4 Acreage Tax

Audit Observation	Recommendation	Accounting Officer's Commentary
An amount of Rs.35,333 had been remained to receive as at the end of the year unde review.	The arrears acreage taxes should be collected promptly.	I informed you that there was an arrears of acreage tax was amounting to Rs.36,201.

### 2.2.5 Collecting Charges From the Notice Boards

Audit observation	Recommendation	Accounting Officer's Commentary
Action had not been taken to collect revenue by investigating the newly added notice boards.	The charges should be collected by doing the investigations.	An amount of Rs.706,327 had been collected from 48 notice boards. I informed that the novice boards which had not paid will be removed.

## 2.2.6 Environmental License

Audit Observation	Recommendation	Accounting Officer's Commentary
(a) Charges had not been collected from 41 tobacco burners by issuing the environmental license.	The environmental license should be issued.	I inform you that the further actions are undertaking for issuing license.
(b) Actions had not been taken to renew the 05 environmental license which had expired.	The environmental license should be renewed.	While the 02 industries had been stopped and actions had been done for obtaining the license for 03 industries.

## 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) By-Laws

Audit Observation	Recommendation	Accounting Officer's Commentary
Bylaws had not been enacted for 11 matters which should be enacted the by-laws according to the section 126 of the Pradeshiya Sabha Act	It should be done the enacting the all relevant bylaws.	I inform you that while it had been embraced 18 constitutions which mentioned in the generally accepted by-laws also the generally accepted by-law regarding the solid waste management had been embraced.

(b) Action Plan

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Audit Observation

Recommendation

Accounting Officer's

Commentary

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12 tasks which had to be accomplished by the Sabha according to the enacted by-laws had not been included in the annual action plan.

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All tasks should be included in to the annual action plan.

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I inform you that it will be corrected from the year 2020.

(c) Delay in Completing the Tasks

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Audit Observation

Recommendation

Accounting Officer's

Commentary

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03 projects which had to be performed under the common funds-2019 had not been completed.

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Projects should be accomplished as per the plans.

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While it had completed the works of 01 projects as at March 2020 and the works of remained two projects are ongoing and I inform you that the late fees will be charged when making the payments.

3.2 Management Inefficiencies  
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Audit Observation  
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While the action had not been taken according to the Financial Regulation 104(1)(a) regarding a cab and a motor grader which had faced to an accident and the insurance claim of the motor grader had not been received.

Recommendation  
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The loss should be charged from the responsible parties.

Accounting Officer's  
Commentary  
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I inform you that the actions will be taken to charge the loss from responsible persons by doing investigation of FR104(1).

3.3 Human Resource Management  
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Audit Observation  
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(a) Employee Vacancies and Surplus  
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There were 17 vacancies at 08 positions as at 31 December of the year under review.

Recommendation  
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The necessary actions should be taken to fill the vacancies.

Accounting Officer's  
Commentary  
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I inform you that actions will be taken to recruited for vacancies.

(b) Employee Debt  
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A debt balance of Rs.430,781 had been remained to be received from four officers who had transferred and retired.

The debt balances should be settled.

It had been informed that the action will be taken to recover the debt balances.

3.4 Operational Inefficiencies

Audit Observation

Recommendation

Accounting Officer's  
Commentary

Although the approval had not been given to sale the land of 05 acres and 35 perches at Wahakotte Siyabalagahawela prestij land by developing, 15 land plots had been sold out without getting recommendations from the relevant institutions for the development plans.

Legal actions must be taken regarding the land which had sold without getting the recommendation from relevant institutions.

I inform you that the letters had been sent as informing, stop the sale of land plots although it had informed as presented after completing the mistakes, by not taking actions in that regards and the legal actions are to be taken.

3.5 Assets Management

3.5.1 Assets Which Had Not Documented

Audit Observation

Recommendation

Accounting Officer's  
Commentary

Actions had not been taken to document the cemeteries and the community halls of the Sabha.

The assets of the Sabha should be secured.

i inform you that actions are taking to take over the lands by surveying and it will be included in to the register of assets after taking over.

### 3.5 .2 Non Performing the repairing and maintenance

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Audit Observation	Recommendation	Accounting Officer's Commentary
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The fuel combustion test of 09 vehicles had not been carried out as at the end of the year under review.	Actions must be taken as per the Public Administrative Circular.	I inform you that it had scheduled for done the fuel combustion test after repairing.

### 3.5 .3 Unallocated Assets

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Audit Observation	Recommendation	Accounting Officer's Commentary
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03 vehicles which had used by the Sabha had not been taken over.	The assets should be taken over.	It had informed that the action will be taken to take over the vehicles.

### 3.6 Losses and Damages

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Audit Observation	Recommendation	Accounting Officer's Commentary
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Although it had been lost an amount of more than Rs.50,000 by the backho accident in the year 2018,an investigation had not been carried out as per the Financial Regulations 104(1) and decided the responsible persons.	The losses must be collected by the sabha by taking actions as per the Financial Regulations.	I inform you that it will be charged the losses from responsible persons by carrying out formal investigation.