

Akurana Pradeshiya Sabha - 2023

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Akurana Pradeshiya Sabha for the year ended 31 December 2023 comprising with the Balance Sheet as at 31 December 2023 and Income and Expenditure Account, for the year then ended and notes to the financial statements including material accounting policy information was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with sub-section 172(1) of the Pradeshiya Sabha Act No. 15 of 1987 and National Audit Act No. 19 of 2018. My comments and observations which I consider should be report to parliament appear in this report

In my opinion, except for the effects of the matters described in paragraph 1.6 of this report, the financial statements give a true and fair view of the financial position of the Akurana Pradeshiya Sabha as at 31 December 2023, and of its financial performance for the year then ended in accordance with Generally accepted Accounting Practices

1.2 Basis for Qualified opinion

I expressed qualified opinion on the matters described in paragraph 1.6 of this report.

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

1.3 Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Generally Accepted Accounting Practices, and for such internal control as management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Those charged with governance are responsible for overseeing the Pradeshiya Sabha's financial reporting process.

As per Section 16(1) of the National Audit Act No. 19 of 2018, the Pradeshiya Sabha is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable annual and periodic financial statements.

1.4 Audit Scope (Responsibility of the Auditor for the audit of Financial Statements)

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercised professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of its internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

The scope of the audit also extended to examine as far as possible and as far as necessary the following;

- Whether the organization, systems, procedures, books, records and other documents have been properly and adequately designed from the point of view of the presentation of information to enable a continuous evaluation of the activities of the Pradeshiya Sabha, and whether such systems, procedures, books, records and other documents are in effective operation;
- Whether the Pradeshiya Sabha has complied with applicable written law, or other general or special directions issued by the governing body of the Pradeshiya Sabha;

- Whether it has performed according to its powers, functions and duties; and
- Whether the resources had been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws.

1.5 Report on Other Legal Requirements

National Audit Act, No. 19 of 2018 includes specific provisions for following requirements.

- (a) The financial statements of the Pradeshiya Sabha presented is consistent with the preceding year as per the requirement of section 6 (1) (d) (iii) of the National Audit Act, No. 19 of 2018.
- (b) The financial statements presented includes all the recommendations made by me in the previous year as per the requirement of section 6 (1) (d) (iv) of the National Audit Act, No. 19 of 2018

1.6 Audit Observations on the preparation of Financial Statements

1.6.1 Accounting Deficiencies

	Audit Observation	Comments of the Sabha	Recommendation
(a)	During the year under review, Rs.235,600 spent for the improvement of the land and buildings of Digala Pre-School was not capitalized.	It will be corrected in the future.	Accounts should be prepared correctly.
(b)	Fixed deposit interest income receivable as at the end of the year under review was Rs. 676,048 but it had been over accounted by Rs.1,870,007 as Rs.2,546,055.	-Do-	-Do-
(c)	Although the billing of Advertising boards for the year under review was Rs.892,850, had been over accounted by Rs.206,600 by showing as Rs.1,099,450.	-Do-	-Do-

(d)	Equipment worth Rs.114,405 to be shown under fixed assets was accounted for under general stores.	It will be corrected in the future.	Accounts should be prepared correctly.
(e)	The 95 sand cubes worth Rs.475,000 that were destroyed in the years 2022 and 2023 of the Pingga Oya sand production project were not disclosed in the financial statements.	-Do-	-Do-
(f)	During the year under review, allowance paid to the Secretary of Rs.187,141, was accounted under capital expenditure.	-Do-	-Do-

1.6.2 Unreconciled Control Accounts or Records

Audit Observation	Comments of the Sabha	Recommendation
There was a difference of Rs. 1,567,441 between the balances related to 03 account subjects shown in the financial statements and the balances shown in their related source documents.	The differences will be inspected and corrected.	Account balances should be corrected.

1.7 Non- Compliances

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

Non-compliance with Laws, Rules, Regulations and Management Decisions are as follows

Reference to Laws, Rules Regulations	Non-compliance	Comments of the Sabha	Recommendation
(a) The Urban Development Authority (amended) Act No. 41 of 1978, published in the Extraordinary Gazette No. 2235/64 dated 08 July 2021 Part III paragraph 28(1).	Necessary measures were not taken in relation to 04 constructions which were carried out without obtaining a	Legal action will be taken.	It should be complied with the provisions of the Act.

development license
issued by the Sabha.

**(b) Financial Regulations of the
Democratic Socialist
Republic of Sri Lanka
F.R. 571(3)**

In 659 cases from 1980 to 2018, house rent deposits and lapsed deposits amounting to Rs.214,368 were not settled. Action will be taken to settle. It should be complied with financial regulation.

2. Financial Review

2.1 Financial Result

According to the Financial Statements presented, excess of revenue over recurrent expenditure of the Sabha for the year ended 31 December 2023 amounted to Rs.34,828,187 as compared with the excess of revenue over recurrent expenditure amounted to Rs. 57,683,349 in the preceding year.

2.2 Revenue Administration

2.2.1 Estimated Revenue, Revenue Billed, Revenue Collected and Arrears of Revenue

According to the information presented by the Secretary of the Sabha relating to Estimated Revenue, Revenue Billed, Revenue Collected and Arrears of Revenue relevant to the year under review and the preceding year are shown below.

Source of Revenue	2023				2022			
	Estimated Revenue	Revenue billed	Revenue Collected	Arrears as at 31 December	Estimated Revenue	Revenue billed	Revenue Collected	Arrears as at 31 December
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
(i) Rates and Taxes	7,624,800	7,944,819	7,482,619	3,837,477	7,624,800	5,810,975	11,930,153	3,375,277
(ii) Rent	10,527,239	6,876,378	6,582,790	448,444	6,383,839	6,464,852	6,860,367	154,856
(iii) License Fees	4,295,500	3,687,800	3,687,800	-	3,855,000	3,441,200	3,441,200	-
(iv) Other revenue	45,417,000	20,000,000	8,762,928	37,887,211	25,277,000	-	12,259,508	26,650,139
	-----	-----	-----	-----	-----	-----	-----	-----
	67,864,539	38,508,597	26,516,137	42,173,132	43,140,639	15,717,027	34,491,228	30,180,272
	=====	=====	=====	=====	=====	=====	=====	=====

2.2.2 Performance in Revenue Collection

Observations related to performance in Revenue Collection of the Sabha are given below.

Audit Observation	Comments of the Sabha	Recommendation
(a) Rates and Taxes		
(i) At the end of the year under review, the outstanding assessment balance was Rs.3,837,477, and the total of 40 assessment units where the assessment arrears in one unit exceeded Rs.10,000 was Rs.920,885.	Action will be taken to recover the arrears of revenue.	Revenue should be collected according to the provisions of the Act.
(ii) According to Section 20 of the Assessment and Valuation Ordinance No. 30 of 1946, the assessed property should be assessed every 05 years, but no new assessment was done after the year 2011.	Action will be taken to get a new assessment,	It should be complied with the provisions of the Act.
(b) Courte fines and Stamp duties		
Court fines amounting to Rs.1,744,466 and stamp duty amounting to Rs.55,507,979 were due from the Chief Secretary of the Provincial Council and other authorities as on December 31 of the year under review.	Action will be taken to recover the revenue immediately.	Court fines and stamp duty related to the year should be collected.

3. Operational Review

3.1 Fulfillment of functions assigned by the Act

Matters revealed with regard to fulfilling regulation and control and administration of public health, public utility services and public roads, generally with the protection and promotion of the comfort, convenience and welfare of the people and amenities by the Sabha under Section 3 of the Pradeshiya Sabha Act are shown below.

Audit Observation	Comments of the Sabha	Recommendation
According to the provisions of Section 93 (b) of the Pradeshiya Sabha Act No. 15 of 1987, no gully service was maintained to enable regular cleaning and emptying of pits for the disposal of sewerage from the houses in the area.	That, there is no suitable place.	The provisions of the Act should be followed.

3.2 Management Inefficiencies

Audit Observation	Comments of the Sabha	Recommendation
(a) As on December 31 of the year under review, an development projects debtor balance of Rs.1,126,576 relating to the period between 1 and 3 years had not been recovered.	The relevant money will be recovered.	Receivable balances should be recovered.
(b) The stamp duty income for the years 2015 and 2017 was Rs.7,433,495.	The arrears will be recovered	Stamp duty revenue should be collected.
(c) Although the land of 09 acres, 03 roods, 17 perches, Konakalagala and Mawathupola Deniyepitiya, Suduhakuruwatta land in the sabha area, was subdivided and sold at auction in 2012, the subdivision plan was not submitted for approval by the sabha. The sabha had not taken steps to get the 1 percent tax money and 10 percent of the land due to the sabha from the sale of this land.	A case has been filed under the Urban Development Authority Act.	The relevant taxes should be collected and the land should be taken over.

3.3 Idle or underutilized Property, Plant and Equipment

Audit Observation	Comments of the Sabha	Recommendation
The motor grader worth Rs.24,928,666 remained underutilized since 2018.	It will be exchanged.	Assets should be utilized effectively.

3.4 Assets Management

Audit Observation	Comments of the Sabha	Recommendation
The ownership of 03 lands and 08 buildings used by the sabha had not been taken over.	It will be taken over	Ownership should be taken over.

3.5 Delays in Project Activities or Capital work

Audit Observation

A weekly fair, a health care center and a community hall, which were built by the Ministry of Provincial Council and Local Government at a total cost of Rs. 3,804,922 in the years 2021 and 2022, were not completed and were stopped underway.

Comments of the Sabha

FR 103,104 investigations will be carried out.

Recommendation

The relevant constructions should be completed and used for a purposeful activity.

3.6 Human Resources Management

Audit Observation

Comparing the approved staff with the actual staff, there were 24 vacancies in 11 posts and 17 excess in 02 posts.

Comments of the Sabha

Due to implementation of government policies, vacancies exist and surplus officers are deployed to duty.

Recommendation

As per the approved staff, relevant work shall be done.

4. Accountability and Good Governance Sustainable development goals

Audit Observation

According to the provisions of the Sustainable Development Act No. 19 of 2017, although the sabha had identified sustainable development objectives and targets, it had not taken steps to achieve them.

Comments of the Sabha

Action will be taken to achieve the objectives.

Recommendation

Objectives and goals should be identified and implemented.