

**Panduwasnuwara Pradeshiya Sabha
Kurunegala District**

1. Financial Statements

1.1 Presentation of Financial Statements

The financial statements for the year 2018 had been presented to audit on 25 February 2019 and the Summary Report of the Auditor General on the financial statements on 30 May 2019 and the Detailed Management Audit Report on 15 June 2019 had been furnished to the Chairman.

1.2 The Qualified Opinion

In my opinion except for the impact of the facts described in the section of the basis for the qualified opinion of this report the financial statements give a true and fair view of the financial position of the Panduwasnuwara 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

Audit Observation -----	Recommendation -----	Comments of the Accounting Officer -----
<p>(a) The value of 12 items which had been received as donation and 7 lands consisted in the Register of Fixed Asset had not been assessed and taken in to accounts.</p>	<p>Actions should be taken to assess the value and taken in to accounts.</p>	<p>It is informed that a Committee will be appointed to conduct a Board of Survey on 2019.12.31 to assess the values and to value lands through that and the cost identified will be accounted for in the financial statements.</p>
<p>(b) There was a balance of Rs.3,248,621 which had to be set off as input taxes for the years 2016, 2017 and 2018 within the payable Value Added Taxes account amounted to Rs.3,391,498 .</p>	<p>Action should be taken to settle the balance by setting off from the Value Added Taxes payable.</p>	<p>It is accepted that there is a balance of Rs.3,248,621 to be settled against as input taxes in the Value Added Taxes account payable as indicated by the audit.</p>

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| <p>(c) The Deeds, Survey Plans and Transfer Certificates and the evidences to ascertain the value in relation with 09 Lands and 42 Buildings amounting to Rs.103,961,321 had not been furnished to audit</p> | <p>Evidences needs to be presented to ascertain the value stated in the financial statements.</p> | <p>Since it was impossible to find information on the deeds / survey certificates / transfer certificates of 42 buildings with our local Authority, it is informed that actions will be taken to inquire with the relevant agencies and prepare the relevant deeds and transfer certificates.</p> |
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02. Financial Review

2.1 Financial Results

According to the financial statements presented, the revenue over recurrent expenditure of the Sabha for the year ended 31 December 2018 was Rs. 50,339,638 as compared to the corresponding revenue over recurrent expenditure for the preceding year was Rs. 25,420,109 .

2.2 Financial Control

Audit Observation -----	Recommendation -----	Comments of the Accounting Officer -----
<p>(a) Eleven cheques which were written and signed in November and December 2018 amounted to Rs. 313,068 were still held in hand even by 01 February 2019.</p>	<p>Although the validity period of a check should be limited to 30 days in terms of FR 386 (4), actions should be taken to provide the recipient before the expiration of that period.</p>	<p>The officer in charge has been strongly advised in this regard and actions have been taken to rectify the mistake.</p>
<p>(b) The signatures had not been obtained in the register of issuing of cheques when handing over 10 cheques valued at Rs.954,981 to the recipients.</p>	<p>Arrangements should be made in accordance with F.R 389.</p>	<p>It is accepted that the signatures have not been obtained in the cheque issuing register as cheques were received when issuing 10 cheques to the respective beneficiaries.</p>

2.3 Revenue Administration

2.3.1 Estimated Income, Billed Income, Accumulated Income and Arrears

Details of Estimated Revenue, Billed Income, Accumulated Income and Arrears of Revenue for the year under review and the previous years are given below.

Source of Revenue	<u>Year 2018</u>				<u>Year 2017</u>			
	Estimated Revenue Rs.000	Billed Revenue Rs.000	Collected Revenue Rs.000	Total Arrears as at 31 December Rs.000	Estimated Revenue Rs.000	Billed Revenue Rs.000	Collected Revenue Rs.000	Total Arrears as at 31 December Rs.000
I. Rates and Taxes	3,724	3,581	3,512	96	3,424	1,789	3,777	156
II. Rent	22,415	20,740	20,842	18	22,442	13,444	24,439	99
III. License fees	1,105	1,264	1,270	-	1,108	1,041	1,306	6
IV. Other Revenue	119,365	130,182	107,765	77,058	111,084	84,219	91,758	50,036
Total	146,609	155,767	133,389	77,172	138,058	100,493	121,280	50,297

2.3.2 Court Fines and Stamp Fees

<u>Audit Observation</u>	<u>Recommendation</u>	<u>Comments of the Accounting Officer</u>
The receivable court fines was Rs. 12,510,843 and the stamp fees was 54,245,325 as at 31 December 2018 .	Actions should be taken to collect the arrears revenue.	It is accepted that there were receivable court fines and stamp fees.

3. Operating Review

3.1 Performance

In terms of Section 3 of the Pradeshiya Sabha Act, the matters revealed in respect of functions of the Sabha such as regulation, control and administration of all matters relating to public health, public utility services and public thoroughfares and generally with the protection and promotion of the comfort, convenience and welfare of the people are as follows.

Sustainable Development Goals

Audit Observation

The Sabha was aware of the "Sustainable Development Agenda 2030" and had identified 06 indicators for achieving the Sustainable Development Goals and implemented various programmes to achieve the Sustainable Development Goals.

Recommendation

Whilst preparation of the Annual Budget it is required focusing on and implementing the Sustainable Development Goals.

Comments of the Accounting Officer

It is accepted that the Sabha has undertaken various projects during the year under review to achieve the goals and objectives identified under the Sustainable Development Agenda 2030 and thereby to enhance the development of the area.

3.2 Management Inefficiencies

Audit Observation

The outstanding water charges recoverable as at 31 December 2018 was Rs. 618,131 and of which a decision had been taken by the Sabha to write off a sum of Rs. 153,466.

Recommendation

Actions should be taken to recover the arrears water charges.

Comments of the Accounting Officer

It is informed that the matter has been referred to the Minister in charge for the process of writing off the balance by obtaining a decision of Sabha that was impossible to recover from this arrears amounted to Rs.153,466 .

3.3 Human Resource Management

Audit Observation

Actions had not taken to recover the employee loans relating to 22 employees amounted to Rs. 361,528 which was unrecoverable for long due to various reasons.

Recommendation

Actions should be taken to recover the outstanding employee loan balance.

Comments of the Accounting Officer

The letters have been sent informing the Department of Pensions for the recovery of a sum of Rs. 207,163.06 recoverable from three employees from the pension

gratuity and it is informed that the Jurisdictional Committee is in the process in order to recover the rest of employee loan amounted to Rs.154,364.94 .

3.4 Operating inefficiencies

<p style="text-align: center;">----- Audit Observation -----</p>	<p style="text-align: center;">----- Recommendation -----</p>	<p style="text-align: center;">----- Comments of the Accounting Officer -----</p>
<p>Eight stalls in Kamburapola shopping complex had been closed. Four stalls were not being utilized and even though the rear section of 05 stalls were being used for residential purposes, the Sabha had not taken action with regard to that.</p>	<p>Actions should be taken to fully utilize the shops.</p>	<p>The Kamburapola Shopping Complex belonging to the Panduwasnuwara Pradeshiya Sabha is a problematic shopping complex. It is accepted that there are only few shops open daily for businesses or business purposes.</p>