

**Polgahawela 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 27 March 2019 and the Summary Report of the Auditor General on the financial statements and the Detailed Management Audit Report had been furnished to the Chairman on 31 May 2019 .

1.2 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 Polgahawela 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
(a) Stamp duty income amounted to Rs. 2,688,371 for the year under review had been understated in the accounts.	Accounts are need to be corrected.	It is accepted as a shortcoming occurred in accounting. Actions will be taken to correct in future.
(b) As per the Register of Fixed Assets, the value of Rs.431,666 of 06 weekly fair buildings had not been accounted for.	Accounts are need to be corrected.	It is accepted as a shortcoming occurred in accounting. Actions will be taken to correct in future whilst preparation of accounts.
(c) There was a difference of Rs. 2,110,701 between the respective financial statements and the respective schedules of four accounting items for the year under review.	Relevant corrections should be made.	It is accepted as a shortcoming occurred in accounting. Actions will be taken to correct in future whilst preparation of accounts.

- (d) Two account items totalled to Rs. 41,291,064 could not be vouched satisfactorily in audit due to lack of required information. Audit evidences should be submitted. Actions will be taken to correct it in future.

2. 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. 24,467,415 as compared to the corresponding excess of revenue over recurrent expenditure for the preceding year was Rs. 220,059.

2.2 Revenue Administration

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

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

Source of Revenue	<u>2018</u>				<u>2017</u>			
	Estimated Revenue	Billed Revenue	Collected Revenue	Total Arrears as at 31 December	Estimated Revenue	Billed Revenue	Collected Revenue	Total Arrears as at 31 December
	Rs.'000	Rs.'000.	Rs.'000	Rs.'000.	Rs.000'	Rs.'000	Rs.'000	Rs.'000.
I. Rates and Taxes	11,021	11,021	5,795	9,695	11,096	11,096	11,265	7,437
II. Rent	8,819	8,819	9,907	4,201	9,090	9,090	8,875	3,512
III. Licence Fees	651	396	867	-	2,626	375	481	-
IV. Other Revenue	18,630	18,630	45,487	41,261	18,482	18,482	6,147	3,208
Total	39,121	38,866	62,056	55,157	41,294	39,043	26,768	14,157

2.2.2 Rates and Taxes

Audit Observation	Recommendation	Comments of the Accounting Officer
Only a sum of Rs. 1,749,780 has been recovered from the arrears of rate amounted to Rs.7,436,958 . The recoveries from the proceeds of the prohibition on property amounted to Rs. 617,665 and its was 8 per cent of the total arrears for the previous year.	Arrears of income should be recovered expeditiously.	As a result of a verdict given in the year 2013, there was no collection of rates from the field according to the Rules of the Pradeshiya Sabha and therefore, the collection of rates had declined.

2.2.3 Court Fines and License Fees

Audit Observation	Recommendation	Comments of the Accounting Officer
The receivable court fines and stamp duty as at 31 December 2018 were Rs.837,993 and Rs. 40,453,071 respectively.	Court fines and stamp fees must be recovered.	Actions will be taken to properly prepare the court fines and stamp duty documents.

03. Operating Review

3.1 Human Resource Management

Audit monitoring	Recommendation	Comment by the Accounting Officer
There were 02 tertiary level vacancies, 12 secondary level and 13 primary level vacancies in approved cadre.	Actions should be taken to fill the vacancies.	Details of approved vacancies have been sent to the Chief Secretary.

3.2 **Assets Management**

3.2.1 **Assets not Taken Over**

Audit Observation	Recommendation	Comments of the Accounting Officer
----- The ownership of 09 lands tenured by the Sabha had not been taken over.	----- Actions should be taken to acquire lands	----- Actions will be taken to acquire these lands in future.

3.2.2 **Idle / Underutilized Assets**

Audit Observation	Recommendation	Comments of the Accounting Officer
----- The official residence and garage of the Sabha located in Polgahawela faced to Colombo road had been in idle for 11 years.	----- It should be repaired to fit for the use.	----- Since it is in unusable condition, arrangements will be made to repair it in future.