

**Panwila Pradeshiya Sabha
Kandy District**

1. Financial Statements

1.1 Presentation of Financial Statement

The financial statements for the year 2019 had been submitted for the audit on 27th of February 2020, while the summary report of Auditor General on the financial statements and detailed management report had been forwarded to the Chairman on 18th May 2020 and 30th May 2020 respectively.

1.2 Qualified Opinion

In my opinion, except the effect of the matters described in the basis for the qualified opinion section, of this report, Financial statements give a true and fair view of the financial position of the Panwila Pradeshiya Sabha as at 31st December 2019 and its financial performance for the year then ended, in accordance with Generally Accepted Accounting Principles.

1.3 Basis for Qualified Opinion

(a) Accounting Deficiencies

Audit Observation	Recommendation	Comments of the Accounting Officer
(i) Rs.146,107 worth of industrial creditors had been omitted from the Accounts.	Since payment is not made it should be identified as Creditors.	No need to identify as Creditor, the actual value is Rs.146,107
(ii) Capital expenditure and Revenue had been overstated by Rs.34,999,649.	It should be accounted correctly.	I accept
(iii) The value of 3 assets received as donations of Rs.329,806 had been accounted under purchases.	It should be accounted correctly	I accept

(b) Accounts Receivable and Payable

Audit Observation	Recommendation	Comments of the Accounting Officer
(i) The total balance of accounts receivable that had elapsed the period of 1 to 5 years was Rs.2,032,121 and the period more than of 5 years was Rs.1,961,567.	Action should be taken to recover the receivable balances.	The balances of 03 industries had been reimbursed.

- (ii) The total balance of accounts Action should be payable that had elapsed the period taken to settle the of 1 to 5 years was Rs.7,199,289 payable balances. and the period more than of 5 years was Rs.2,619,143. So far the balances of 12 industrial creditors had been reimbursed.

(c) Lack of Necessary Documentary Evidence for Audit

Audit Observation	Recommendation	Comments of the Accounting Officer
Title deeds pertaining to lands valued at Rs. 2,818,660 had not been submitted for audit.	Evidences that verify the balances in Financial statements should be presented.	Action will be taken to settle all assets.

1.4 Non-Compliance

Non-Compliance with Laws Rules, Regulations and Management Decisions

Reference to Laws, Rules, Regulations and Management Decisions	Non-Compliance	Recommendation	Comments of the Accounting Officer
(a) Pradeshiya sabha act No:15 Of 1987			
(i) Sub section 126 (VII) and (XXX)	Rs.463,192 had not been charged from the advertising board displayed in the Council area.	Act should be followed.	Action will be taken to recover.

2. Financial Review

2.1 Financial Result

According to the financial statement presented, excess of revenue over recurrent expenditure for the year ended 31st December 2019, amounted to Rs.6,838,528 ,as compared with the corresponding amount in excess of revenue over recurrent expenditure for the preceding year amounted to Rs.3,675,644.

2.2 Revenue Administration

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

The details of Estimated Revenue, billed Revenue, Collected Revenue and Arrears of Revenue for reviewed year and preceding year are as follows.

Source of Revenue	2019				2018			
	Estimated Revenue	Billed Revenue	Collected Revenue	Total arrears as at 31st December	Estimated Revenue	Billed Revenue	Collected Revenue	Total arrears as at 31st December
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
(i) Rates and taxes	1,491,000	1,377,088	1,004,501	714,184	1,488,000	1,493,076	1,377,915	446,318
(ii) Rent	2,796,045	1,957,425	741,770	1,243,275	1,228,800	1,124,650	1,103,907	66,915
(iii) License fees	3,093,000	3,151,119	3,017,719	156,400	2,845,250	3,077,965	3,026,965	72,000
(iv) Other income	2,879,000	5,026,725	913,690	5,500,534	2,416,600	3,209,775	1,007,405	2,612,269
	10,259,045	11,512,357	5,677,680	7,614,393	7,978,650	8,905,466	6,516,192	3,197,502

2.2.2 Rent

Shop Rent

Audit Observation	Recommendation	Comments of the Accounting Officer
Rs. 1,193,400 of rent had been due for the year 2019 from stalls in the Panvila shopping complex.	Shop rent in arrears should be recovered.	Action is being taken to sue.

2.2.3 Court Fines and Stamp Duties

Audit Observation	Recommendation	Comments of the Accounting Officer
Court fines and Stamp duties receivable was Rs.788,574 and Rs.3,175,840 respectively.	Action should be taken to bring the relevant money to the council.	There is more to charge.

3. Operating Review

3.1 Performance

Following matters were revealed with regard to duties to be fulfilled by the Council as per the Section 3 of the Pradeshiya sabha Act, in relating to regulation and control of all the matters relating to Public health, Public utility services and public highways, comfort, convenience and welfare of the people.

(a) By-Laws

Audit Observation	Recommendation	Comments of the Accounting Officer
Under Section 126 of the Pradeshiya Sabha Act, by-laws were to be enacted to fulfill 30 main matters but by-laws were enacted only for 18 matters.	The Council should enact revenue-generating by-laws to generate revenue.	Action will be taken to enact By-laws relevant to the area.

(b) Failure to obtain the expected outcome

Audit Observation	Recommendation	Comments of the Accounting Officer
The weekly fair building constructed at a cost of Rs.1,500,000 in 2015 remained idle.	Action should be taken to obtain the benefits from assets.	The attention is being paid for a suitable project.

(c) Sustainable Development Goals

Audit Observation	Recommendation	Comments of the Accounting Officer
Sustainable development objectives have not been adequately identified and adequately addressed.	Sustainable development goals need to be identified and action taken to achieve them.	Several goals were identified and programs are being implemented.

3.2 Management Inefficiency

Audit Observation	Recommendation	Comments of the Accounting Officer
(a) An income of Rs. 3,110,500 was loss as the assessment of 30 stalls of Sabha had not been implemented in 2009 and 2016.	Action should be taken to assess and recover the value.	Action will be taken to Sue.
(b) Although, 08 Land plots of the Council were assessed, assessed rent had not been agreed upon.	New contracts have to be entered into according to the assessed rent	Action will be taken to take over the possession.
(c) A fixed fee of Rs.200 had been charged without installing water meters in 07 schemes implemented by the Council.	Action should be taken to install water meters and recover revenue	Action will be taken to install water meters in future.

3.3 Human Resource Management

Audit Observation	Recommendation	Comments of the Accounting Officer
(a) There were 3 excess and 8 vacancies.	Action should be taken to fill the vacancies.	The excesses were due to graduate trainees. Action will be taken to fill the vacancies.
(b) Loan balances of Rs.716,133 and Rs.12,600 had not been recovered from 4 transferred employees and one terminated employee respectively.	Action should be taken to recover the employee loans.	Action has been taken to recover and some balances have been settled.

3.4 Asset Management

3.4.1 Failure to Obtain Income due from Assets

Audit Observation	Recommendation	Comments of the Accounting Officer
Two vehicles worth Rs.24,880,000 had not been used.	Action should be taken to make use of these vehicles.	Not used as there are no trained drivers and action will be taken to recruit drivers.

3.4.2 Idle/ Underutilized Assets

Audit Observation	Recommendation	Comments of the Accounting Officer
Two vehicles had been idle in the office premises for 2 1/2 to 12 years.	Action should be taken to dispose of idle vehicles.	further action will be taken regarding motorcycles and to auction off the auctionable vehicles