

**Angunakolapelessa Pradeshiya Sabha**

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**Hambantota District**  
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**1. Financial Statements**

**1.1 Presentation of Financial Statements**

The financial statements for the year 2019 had been presented for audit on 28 February 2020 and the summary report of the Auditor General on the financial statements and the detailed management report had been forwarded to the Chairman on 17 June 2020 and 30 June 2020 respectively.

**1.2 Qualified Opinion**

In my opinion, except for the effects of the matters shown in this report, the financial statements give a true and fair view of the financial position of the Angunakolapelessa Pradeshiya Sabha as at 31 December 2019 and its financial performance for the year then ended in accordance with Generally Accepted Accounting Principles.

**1.3.1 Basis for qualified opinion**

**(a) Accounting Deficiencies**

Audit Observation	Recommendation	Comments of the Accounting Officer
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The expenditure of Rs.76,245 incurred on lease of property during the ensuing year had been brought to account as expenditure of the year under review.	Expenditure should be correctly brought to account.	Erroneously accounted. Will be rectified In future.

**(b) Unreconciled Accounts**

Audit Observation	Recommendation	Comments of the Accounting Officer
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A total difference of Rs.4,579,027 existed between the total of 5 accounting items amounting to Rs.26,205,751 and the relevant balances appearing In the subsidiary register/registers.	Action should be taken to correctly furnish subsidiary registers relevant to balances shown in the accounts.	Deficiency in updating the registers is the cause. Action will be taken to rectify such deficiencies.

(c) **Lack of Necessary Documentary Evidence for Audit**

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<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
Necessary information required for audit of 5 items of accounts aggregating Rs.118,959,055 had not been furnished.	Evidence to confirm balances shown in the financial statements should be furnished.	Action will be taken to correctly update the registers and to prepare correct schedules.

**1.4 Non-Compliance**

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

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<b>Reference to Laws, Rules, Regulations and Management Decisions</b>	<b>Non-compliance</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
(a) 1988 Pradeshiya Sabha (Finance and Administration) Rule 164	Documents relating to accounts of the Sabha had not been examined and confirmed daily.	Should act according to the rule.	In future, documents will be examined as per rule and an authorized officer is already engaged in examining documents.
(b) Financial Regulation of the Democratic Socialist Republic of Sri Lanka			
(i) F.R 134(3)	The internal audit report of the year under review had not been furnished for audit.	Action should be taken according to the Financial Regulation.	One report had been furnished for audit during the year under review. The report of the first quarter of 2020 will be prepared and furnished.
(ii) F.R 395(c)	The bank reconciliation statements of 04	Action should be taken according to the Financial	Action will be taken to prepare bank

	bank accounts of the Sabha for December 2019 had not been prepared.	Regulation	reconciliation statements in future.
(iii) F.R 571	Action had not been taken to settle deposits valued at Rs.2,055,904 over 2 years.	Action should be taken according to the Financial Regulation.	Action will be taken to settle according to the Financial Regulation.
(iv) F.R 702(3)	Copies of contracts had not been furnished to the Auditor General.	Action should be taken according to the Financial Regulation.	Action will be taken to furnish copies of agreements in future.
(c) Paragraph 06 of the circular දළපා/පළාතො/2010/017 27 December 2010 of the Commissioner of Local Government (Southern)	Fourteen stalls of the Sabha had not been assessed.	Action should be taken in terms of provisions in the circular.	Requests had been made to assess the stalls. Action will be taken to obtain those assessment reports.

## 2. Financial Review

### 2.1 Financial Results

According to the financial statements presented, the revenue in excess of the recurrent expenditure of the Sabha for the year ended 31 December of the year under review amounted to Rs.6,918,275 as compared with the revenue in excess of the recurrent expenditure of the previous year amounting to Rs.2,046,597.

### 2.2 Financial Control

Audit Observation	Recommendation	Comments of the Accounting Officer
----- The bank reconciliation of a bank current account as at end of the year under review showed a balance of Rs.1,876,216 in the cash book. However, this had been shown as Rs.1,888,216 in the	----- Correct financial control should be adopted.	----- This is an error caused while bringing forward the opening balances of September 2014 which continued upto the year under review. Action will be taken to rectify it while

Balance Sheet resulting in a difference of Rs.12,000.

preparing the accounts for 2020.

## 2.3 Revenue Administration

### 2.3.1 Estimated Revenue, Revenue Billed, Revenue Collected and the Arrears of Revenue

Information relating to the estimated revenue, revenue billed, revenue collected and the arrears of revenue furnished for the year under review and the previous year appear below.

Source of Revenue	2019				2018			
	Estimated Revenue	Revenue Billed	Revenue Collected	Total arrears as at 31 December	Estimated Revenue	Revenue Billed	Revenue Collected	Total arrears as at 31 December
Rates and Taxes	715,000	688,730	688,730	154,256	485,000	614,030	583,960	168,266
Rent	14,094,474	12,277,855	11,363,236	1,373,182	12,488,800	12,982,712	11,915,273	715,195
Licence Fees	1,427,300	1,833,565	1,820,061	56,404	1,075,300	1,282,652	1,280,652	45,000
Other Revenue	6,812,544	11,696,267	3,808,065	13,673,080	4,829,800	5,149,232	1,611,043	6,634,930
Total	23,049,318	26,496,418	17,680,092	15,256,922	18,878,900	19,128,626	15,390,932	7,563,391

### 2.3.2 Rates and Taxes

Audit Observation	Recommendation	Comments of the Accounting Officer
(a) Action had not been taken to assess and recover rates and taxes in arrears which had been identified as developed areas in terms Section 134(1) of the Pradeshiya Sabha Act No.15 of 1987.	Action should be taken to assess and recover rates and taxes as per Act.	The information relating to developed areas had been forwarded to that institution for assessment activities.
(b) Action had not been taken In terms of Section 152(4) of the Pradeshiya Sabha Act to recover the trade tax of Rs.152,370 due from 21 trade units as at end of the year under review.	Action should be taken to recover the arrears of revenue.	These arrears belong to the period 2013 to 2018. These centres are not in existence at present and the whereabouts of the persons are not known. As such action is being taken to write off the amount.

### 2.3.3 Court Fines and Stamp Fees

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<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
----- Court fines and stamp fees receivable from the Chief Secretary of the Provincial Council and other authorities as at end of the year under review amounted to Rs.1,631,271 and Rs.11,884,148 respectively.	----- Action should be intensified to recover arrears of court fines and stamp fees.	----- Arrears of stamp fees amounting to Rs.3,900,000 had been received. Action will be intensified to obtain the remaining stamp fees and court fines.

### 3. Performance Review

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#### 3.1 Performance

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The following matters were revealed with regard to duties to be fulfilled by the Sabha in terms of 03 of the Pradeshiya Sabha Act., such as regularization and control of matters relating to public health, common amenities and public highways, healthy environment of the public, facilities, welfare etc.,

#### (a) Bye-Laws

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<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
----- Although bye-laws were required to be enacted for 30 main functions in terms of Section 126 of the Pradeshiyan Sabha Act, bye-laws had only been enacted for 28 matters by end of the year under review.	----- Action should be taken to enact bye-laws.	----- Twenty nine by-laws are in operation.

#### (b) Non-execution of Functions

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<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
----- Eleven future development proposals for which a provision of Rs.830,000 had been made in the budget of the year under review had not been executed.	----- Development proposals included in the budget should be implemented during the year.	----- Revenue had not been obtained to execute all the proposals included in the budget. As such, work could not be executed. In future,

development proposals that could be executed according to the revenue and expenditure of the Sabha alone will be included in the budget.

**(c) Fulfilment of Sustainable Development Objectives**

Audit Observation	Recommendation	Comments of the Accounting Officer
<p>The Sabha had not prepared a long term plan to uplift the living standards and health of the public of the authoritative area of the Sabha through the global index pertaining to the objectives and targets of the sustainable development referred to in the 2030 Agenda for sustainable development.</p>	<p>An index should be identified for measuring the objectives and targets of sustainable development and the achievement of annual progress should be measured accordingly.</p>	<p>The progress of sustainable development objectives had been furnished in the annual performance report of 2019 and the activities to fulfill the objectives during the 4 ensuing years had been stated therein.</p>

**3.2 Management Inefficiencies**

Audit Observation	Recommendation	Comments of the Accounting Officer
<p>Fifty eight institutions had not obtained environmental protection licences for the year under review. Accordingly, the environment pollution caused to various institutions in the authoritative area had not been subjected to attention by the Sabha.</p>	<p>Action should be taken to issue environmental protection licences.</p>	<p>Licences could not be issued to all business enterprises required to obtain them due to various reasons. All efforts will be made to issue environmental protection licences to those enterprises which had not obtained them.</p>

**3.3 Human Resources Development**

**3.3.1 Vacancies and Excesses in the Cadre**

Audit Observation	Recommendation	Comments of the Accounting Officer
<p>(a) Action had not been taken to fill 4 vacancies in the approved cadre and to</p>	<p>Action should be taken to regularize the excess cadre and to fill</p>	<p>Only one vacancy in the post had been filled. Action will be taken in</p>

regularize 10 excesses.

vacancies in posts.

future to fill the remaining vacancies.

(ii) An annual performance agreement and a human resources plan for the overall staff had not been prepared in terms of the Circular No.02/2018 of 24 January 2018.

Action should be taken to prepare the relevant agreement and the plan as per provisions in the circular.

Was not aware of the preparation of human development plan. Action will be taken to prepare in 2020. Action will be taken to sign the annual performance agreement.

### **3.4 Assets Management**

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#### **3.4.1 Safety of Assets not Ensured**

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##### **Audit Observation**

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Encroachers were enjoying the benefits of 2 lands of 03 acres belonging to the Sabha.

##### **Recommendation**

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Necessary action should be intensified.

##### **Comments of the Accounting Officer**

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Action is being taken to acquire the land in favour of the Sabha.

#### **3.4.2 Assets not acquired**

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##### **Audit Observation**

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Action had not been taken to legally acquire 20 land valued at Rs.7,826,130 used by the Sabha, 25 land benefitted without assessing the value, 12 buildings valued at Rs.1,935,000 and 03 vehicles valued at Rs.9,309,000.

##### **Recommendation**

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The Sabha should taken action to acquire legal ownership of assets.

##### **Comments of the Accounting Officer**

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Action is being taken to acquire land and buildings. Action is being taken to acquire land not owned by the Sabha by assessing the value. One vehicle had been obtained on leasing and another vehicle had been obtained by entering into agreement. Action will be taken by the Sabha to acquire the remaining vehicle.

### 3.4.3 Idle and under utilized Assets

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<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
----- Seventeen land belonging to the Sabha remained idle without being beneficially used.	----- Action should be taken to utilize assets of the Sabha.	----- Many lands of the Sabha are being used as playgrounds and crematoriums. Certain land are used for cultivation. By now, 5 acres of pilisaruru had been cultivated.

### 3.5 Procurement

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<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
----- A proper procurement plan had not been prepared by the Sabha in terms of 4.2.1 of the 2006 Procurement Guideline.	----- Action should be taken in terms of procurement procedure.	----- Although a procurement plan had been prepared, it had not been furnished to the Sabha for approval due to lack of awareness. The procurement plan for 2020 had been prepared and approval obtained.