

Madurawala Pradeshiya sabha
Kaluthara District

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 report of the Auditor General on 30 July 2020 and the Detailed Management reports on 30 September 2020 had been sent to the Chairman of the Council.

1.2 Qualified Opinion

In my opinion except for the effect on the matters described under the Section of basis for the qualified opinion of this report, Financial Statements give a true and fair view of the financial position of the Madurawala 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 Basis for Qualified Opinion

(a) Accounting Deficiencies

Audit observations -----	Recommendations -----	Comments of the Accounting Officer -----
Two grass cutter machines bought for an amount of Rs.27,600 in the year under review had not been capitalized.	Should be accounted correctly.	The action will be taken to correct.

(b) Unreconciled accounts

Audit observations -----	Recommendations -----	Comments of the Accounting Officer -----
There was a difference amounting of Rs.28,231,177 between the balance 4 items of accounts shown in the Financial Statement amounting to Rs. 55,926,179 and the related Schedules.	Action should be taken to correct the accounts after reconcile the balances of the accounts.	Noted that action will be taken to correct in future.

(c) Lack of documentary evidence for audit

Audit observations	Recommendations	Comments of the Accounting Officer
Due to the absence of updated Fixed Assets registers, Water tax registers, Stamp fees registers and Court fines registers, 05 items of accounting totaling to Rs.366,874,480 could not be satisfactorily vouched for in audit.	Information conform the balances of the financial statements should be submitted.	Reports have been updated now.

1.4 Non compliance

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

References to the Laws, Rules, Regulations and Management decisions	Value	Non-compliance	Recommendation	Comments of the Accounting Officer
(a) 1987 Pradeshiya Sabha Act No.15				
(i) Section 134(1)		An identification for assessment tax had not been conducted on some property within the areas that have been designated as Developed areas by the council.	Action should be taken according to the Pradeshiya Sabha Act.	Newly constructed buildings within the assessment areas had been drawn to identify as new develop areas and assess to the Department of Valuation.
(ii) Section 160	254,215	Prohibition of property was not done as the final step of recovering arrears of assessment tax.	Action should be taken in accordance with the Pradeshiya Sabha Act.	Action will be taken to recover arrears of assessment tax and prohibit property for remaining arrears of assessment.
(b) Rule 218 of 1988 Pradeshiya Sabha	170,780,122	An annual survey had not been conducted on	All land and building belonging	Action will be taken to identify all land

(Financial and Administration)

Land and Buildings to the council and buildings belonging to the Council should be inspected at least once a year.

- (c) Circular of the Commissioner of Local Government No.1988/22 dated 17 May 1988
- Property under assessment tax had not been assessed per 05 years.
- Action should be taken according to the Circulars.
- Noted that action is being taken by the Department of Valuation for the reassessment

2. Financial review

2.1 Financial Results

According to the Financial Statements presented, the Revenue over Recurrent Expenditure of the Council for the year ended 31 December 2019 amounted to Rs.1,907,882 as compared with the corresponding Recurrent Revenue over Recurrent Expenditure for the preceding year amounted to Rs.4,262,899.

2.2 Revenue Administration

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

The details of the Estimated Income, Billed Income, Collected Income and Arrears of income for the year under review and the preceding year are shown below.

Source of Income	2019				2018			
	Estimated Income	Billed Income	Collected Income	Total arrears of income at 31 December	Estimated Income	Billed Income	Collected Income	Total arrears of income at 31 December
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Rates and tax	1,590,602	1,731,072	1,251,401	479,671	1,322,992	1,408,443	1,084,556	524,229
Permit fees	358,350	358,250	358,250	-	333,500	245,450	356,741	-
Other income	19,582,850	8,800,000	13,979,541	25,089,403	14,635,930	10,500,000	9,163,990	22,852,583
Total	21,531,802	10,889,322	15,589,192	25,569,074	16,292,422	12,153,893	10,605,287	23,376,812

2.2.2 Performance in collection of Income

Assessment and Tax

Audit observations

Recommendations

Comments of the
Accounting Officer

As according to the age analyses the arrears of Assessment Tax due from more than 05 years amounted to Rs.79,059 and arrears due from 03-05 years amounted to Rs.27,842.

Arrears of Assessment income should be recovered. Action will be taken to recover arrears of Assessment.

2.2.3 Court fines and stamp fees

Audit Observations

Recommendations

Comments of the
Accounting Officer

The Court Fines amounting to Rs.1,797,000 and Stamp fees amounting to Rs.23,292,403 was to be received as at 31 December 2019.

Arrears of income should be recovered Required action will be taken to recover the arrears of income.

3. Operational Review

3.1 Performance

Audit Observations

Recommendations

Comments of the
Accounting Officer

(a) By laws

Although By laws should be enacted to do 16 main function as according to the paragraph 126 of Pradeshiya Sabha act, yet only 12 By laws had been enacted even as at 31 December 2019.

By laws should be enacted for reasons of which by laws had not been enacted for. No explanations were given.

(b) Action plan.

There was no feedback method to check the performance of the activities of the Action plan prepared during the year 2019.

The activities should be done according to the prepared action Action will be taken to rectify in future.

plan and the performance of the activities should be feedback.

(c) Goals of Sustainable Development

 The required responsibilities were not given and Plans had not been made according to 2030 Agenda for the Purposes of Sustainable Development for the global view of such purposes to enhance the living standards and health of the people living in the Council Territory and provision were not made from the Budget of the year 2019.

Action should be taken as according to the Circular. Action will be taken in future.

3.2 Management Inefficiencies

 Audit Observations

Recommendation Comments of the Accounting Officer

 Action had not been taken to recover from the responsible parties for an assessed damage done by the Mechanical Engineer amounting to Rs.1,134,037 for a vehicle accident in 2016,

 Financial damages should be collected by the responsible parties. Advices had been requested by the Commissioner of Local Government and action will be taken once the advice is received.

3.3 Human Resource Management

 (a) Vacancies and Excess of Cadre.

 Audit Observations

Recommendation Comments of the Accounting Officer

(i) There was a vacancy for an Ayurvedic doctor.

 Action should be taken to recruit for the Vacancy. The Public service Commission had been informed regarding the vacancy of the Ayurvedic doctor.

(ii) 02 Librarian Positions, a Preschool Teacher position, a Health Administrator position, a Crematorium Operator position and 04 Office Assistant Worker positions were vacant.

Action should be taken to recruit to Vacancies. The Commissioner of Local Government had been informed to recruit 02 vacancies of the Librarian positions.

(b) Staff loan

Audit Observations

Loan Balances of Rs.85,750 had not been recovered from three Officers who had Retied or Transferred for 05 years.

Recommendation Comments of the
Accounting Officer

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Action should be taken to recover arrears of Loans. Action will be taken to recover.

3.4 Asset Management

Audit Observations

Although it was identified that there are 22 Cemeteries within the area of authority of the council, action had not been taken to acquire the Cemeteries.

Recommendation Comments of the
Accounting Officer

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Action should be taken to acquire all the cemeteries to the council. Action is being taken to acquire 12 Cemeteries.