

Ambalangoda Pradeshiya Sabha
Galle district

1. Financial statements

1.1 Presentation of Financial Statements

The Financial Statements for the year 2019 had been presented for audit on 06 April 2020 and the report of the Auditor General on 17 June 2020 and the Detailed Management reports on 30 June 2020 had been sent to the Chairman of the Council.

1.2 Qualified Opinion

In my opinion, except for the effect of matters described in the, basis for qualified opinion under the Section of my report the financial statements give a true and fair view of the financial position of the Ambalangoda 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

1.3.1 Accounting Deficiencies

Audit observations -----	Recommendations -----	Comments of the Accounting Officer -----
(a) Arrears of Rent Tax amounting to Rs.500,555 from the weekly fair and Rs.278,780 of other arrears rent had been write off from the Cumulative fund although the activities related to the lawsuit filed for the collection of arrears of Rent Tax was not over.	There should be a proper approval.	Action will be taken correct in future.
(b) Provision had not been made in the accounts for the audit fees of the year under review.	Provision should be made.	Action will be taken to correct in future.

1.3.2 Unreconciled accounts

Audit observations -----	Recommendations -----	Comments of the Accounting Officer -----
There was a un-reconciliation amounting to Rs.4,889,885 between Balances of the Financial Statement and Utility Ledgers/ Sub registers of 04 accounting items as at 31 December of the year under review.	Action should be taken to correct the accounts after reconcile the balances.	Action will be taken to correct in future since the differences were seen since a long time.

1.3.3 Lack of documentary evidence for Audit

 Non-submission of information for audit.

Audit observations	Recommendations	Comments of the Accounting Officer
----- Information relating to 07 items amounting to Rs.206,210,723 had not been presented for Audit.	----- Information confirming the balances of the financial statements should be submitted.	----- Action will be taken to rectify in future.

1.4 Non compliance

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

References to the Laws, Rules, Regulations and Management decisions	Non-compliance	Recommendation	Comments of the Accounting Officer
----- (a) 1987 Pradeshiya Sabha Act No.15 Paragraph 134(1)	----- Action had not been taken to collect assessment tax from the areas declared as developed.	----- Action should be taken in accordance with the paragraphs.	----- Action will be taken to rectify in future.
----- (b) Circular of the commissioner of Local Government			
(i) Paragraph 05 Circular No. දපපා/පපාකො/2010/01 dated 27 December 2010	----- Action had not been taken to update and amend the agreements regarding the Shop rooms by every 03 years.	----- Action should be taken in accordance with the Circulars.	----- Action will be taken to rectify in future.
(ii) Paragraph 06	----- The relevant Rent for the shop rooms were not implemented after being amended by the new assessment.	----- Action should be taken in accordance with the Circulars.	----- Action will be taken to rectify in future.

(c) Financial Regulations of the Democratic Socialist Republic of Sri Lanka

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- (i) Financial Regulation 570, 571 and 572. Relevant action had not been taken for 47 deposits which 2 years expired from the date of maturity. Action should be taken in accordance with the financial regulations. Action will be taken to rectify in future.
- (ii) Financial regulation 1645 and 1646. Daily running charts and Monthly summary reports of the vehicles belonging to the council had not been presented for audit. Action should be taken in accordance with the financial regulations. Action will be taken to rectify in future.

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. 9,866,340 as compared with the corresponding Revenue over Recurrent Expenditure for the preceding year amounted to Rs. 14,316,879.

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	1,000	17,215	2,297	257,726	8,850	17,115	3,517	242,147
Rent	2,500,000	2,173,738	1,529,025	1,004,659	2,320,350	2,698,883	3,003,751	363,882
Permit fees	1,331,000	1,287,440	1,148,310	564,600	1,380,300	1,479,240	958,730	553,910
Total	3,832,000	3,478,393	2,679,632	1,826,985	3,709,500	4,195,238	3,965,998	1,159,939

2.2.2 Court fines and stamp fees

Audit observations

The Court Fines amounting to Rs. 6,269,491 and Stamp Fees amounting to Rs. 50,115,698 was to be taken from the Chief Secretary of the Provincial Council and other authorities as at 31 December of the year under review.

Recommendation

Arrears of income should be recovered exigent.

Comments of the Accounting Officer

Action will be taken to recover the arrears of income.

3. Operational Review

3.1 Performance

Facts observed relating to the execution of activities by the Pradeshiya Sabha in accordance with Section 3 of the Pradeshiya Sabha Act such as regulation of health of the general public, common utility services and public road facilities and maintenance of people's welfare, facilities and development are given below.

(a) Action plan

Audit observations

An action plan was not prepared for the duties to be performed as according to the established bylaws by the Council for the year under review.

Recommendation

An annual Action plan should be prepared.

Comments of the Accounting Officer

Action will be taken to prepare an Annual Action Plan in future.

(b) Failure to obtain expected benefits

Audit observations

(i) 14 shop rooms in Batapola two store building were given on a rental basis as on a decision of the council. An amount of Rs.596,400 was loss of income to the council since the shopkeepers have protested against the assessment values given by the Valuation Department on the year 2013 and 2015.

Recommendation

Assessment should be engaged.

Comments of the Accounting Officer

Noted that arrears will be recovered as soon as possible.

(ii)	The income to be received from the shop rooms given on a rental basis in the Mitiyagoda shopping complex was lost since action had not been taken to receive a new Assessment and update tax agreements in every 03 years.	Action should be taken to collect income properly.	Action will be taken to rectify in future.
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(c) Solid waste management

Audit observations

Degradable waste was piled in the Delgahabadda Organic fertilizer production complex since the garbage grinder fixed to the facility was disabled. Required action had not been taken about the garbage being washed onto the fields nearby on rainy days.

Recommendation

Proper and long-term plans should be made for the disposal of garbage.

Comments of the Accounting Officer

Noted that the garbage grinding machine will be repaired.

(d) Goals of Sustainable development

Audit observations

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.

Recommendation

Action should be taken to prepare and include long-term plans for the sustainable development within the action plan..

Comments of the Accounting Officer

Noted that a plan will be made in the future to enhance the living standards of the people living within the area of authority.

3.2 Management inefficiencies

Audit observations

Action had not been taken to acquire public cemeteries and unauthorized residents have encroached and built permanent residents within the Thilakapura and Nindana Cemeteries.

Recommendation

The possession of the cemeteries should be taken properly.

Comments of the Accounting Officer

Action will be taken to acquire public cemeteries.

3.3 Human resource management

Audit observations	Recommendation	Comments of the accounting officer
(a) Vacancies and Excess of Cadre ----- Action had not been taken to fulfill 14 Vacancies, formalize 14 excess and 15 casual and substitutes of positions.	Action should be taken to recruit to vacancies and formalize excess of staff.	Action will be taken to rectify.
(b) Stuff loans ----- The staff loans to be recovered from 11 staff members who had retired, went abroad, left service or deceased amounted to Rs.195,900 as of the end of the year under review.	Action should be taken to recover arrears balances of loans.	Action will be taken to recover the arrears of loans.

4. Accountability and good governance

4.1 Internal audit

Audit observations	Recommendation	Comments of the accounting officer
A proper internal audit had not been conducted for the year under review.	Proper internal audit should be conducted.	Action will be taken to conduct internal audit and send audit reports.

4.2 Conducting Audit and Management committees

Audit observations	Recommendation	Comments of the accounting officer
Action had not been taken to establish Audit and Management Committees even as at the end of the year under review.	Audit and Management committees should be established.	Action will be taken in future.