

Akmeemana Pradeshiya Sabha  
Galle District  
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1. Financial Statements  
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1.1 Presentation of Financial Statements  
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The Financial Statements for the year 2019 had been presented for audit on 06 April 2020 and the report of the Auditor General on 22 June 2020 and the Detailed Management reports on 30 June 2020 had been sent to the Chairman of the Council.

1.2 Qualified Opinion  
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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 Akmeemana 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  
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1.3.1 Accounting Deficiencies  
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Audit Observations -----	Recommendations -----	Comments of the Accounting Officer -----
(a) An amount of Rs.176,640 had been paid for the year 2017 as audit fees were accounted as an Expense of the year under review.	Should be accounted correctly.	Action will be taken to correct in the preparation of accounts in the year 2020.
(b) Creditor provision amounting to Rs.3,296,419 to be paid for the Local Government Pension Fund were not made as at 31 December of the year under review and contribution paid in the year under review amounting to Rs.51,078 had not been accounted.	Should be accounted properly.	Action will be taken to correct in the preparation of accounts in the year 2020.
(c) Stamp fees amounting to Rs.10,921,058 and Court fines amounting to Rs.1,811,500 to be received from the Chief Secretary had been accounted as Rs.141,495,966 and Rs.4,997,861 respectively thereby overstating by amounts of Rs.130,574,908 and Rs.3,186,391 respectively in the year under review.	Should be accounted properly.	Action will be taken to correct after obtaining information in future.

### 1.3.2 Unreconciled Control Accounts

#### Audit Observations

#### Recommendations

#### Comments of the Accounting Officer

There was a difference of Rs.834,174 between the balances of 02 items of accounting given in the Financial Statements and their balances in their respective utility registers/ sub registers as at 31 December of the year under review.

Action should be taken to reconcile the differences in balance and correct the accounts.

Action will be taken to rectify in future.

### 1.3.3 Payable and Receivable Accounts

#### (a) Receivable Accounts

#### Audit Observations

#### Recommendations

#### Comments of the Accounting Officer

Action had not been taken to recover 04 balances amounting to Rs.109,675,534 as end of the year under review.

Action should be taken to recover receivable balances.

Action will be taken to recover after pursuit into it.

#### (b) Payable Accounts

#### Audit Observations

#### Recommendations

#### Comments of the Accounting Officer

Action had not been taken to settle Work Creditors amounting to Rs.914,429 brought forward since before 2016, Miscellaneous Creditors amounting to Rs.170,957 bought forward before 2008, and Expenditure Creditors amounting to Rs310,010 bought forward since 2015.

Action should be taken to settle payable balances.

Action will be taken to correct after pursuit into it.

### 1.3.4 Lack of Documentary Evidence for Audit

#### No submission of information

#### Audit Observations

#### Recommendations

#### Comments of the Accounting Officer

Necessary information regarding 14 items of accounts amounting to Rs.82,073,833 had not been presented for Audit.

Information confirming the balances of the accounts should be submitted.

Action will be taken to correct in future.

1.4 Non compliance

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 Non-compliance with Laws, Rules, Regulations and Management Decisions.  
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References to the Laws, Rules, Regulations and Management decisions	Non-compliance	Recommendation	Comments of the Accounting Officer
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(a) 1988 Pradeshiya Saba (Financial and Administrative) Rules			
(i) Rule 33	A list of persons who had neglected to pay the Assess in each quarter and a list of prohibition of property warrants had not been prepared.	Action should be taken according to rules.	Action will be taken as accordingly in future.
(ii) Rule 59	A list had not been prepared for industries within the area of authority of the council after conducting a survey.	Action should be taken as according to the rules.	Action will be taken as accordingly in future.
(ii) Rule 145	Action had not been taken to prepare a detailed list of refundable deposits and reconcile it with the balance of the ledger.	Action should be taken according to the rules.	Action will be taken accordingly in future.
(iii) Rule 155	The Main cash book was not maintained under the PS10 format.	Action should be taken according to rules.	Action will be taken accordingly in future.
(iv) Rule 217	A Report of all the Land and Buildings belonging to the council had not been maintained under the PS46 format.	Action should be taken according to rules.	Action will be taken accordingly in the future.

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

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| (i)  | Financial<br>Regulation 396 (c)  | Required action had not been taken about 08 expired cheque issued but not submitted for payment amounting to Rs.91,760.  | Action should be taken according to the financial regulations. | Action will be taken accordingly in the future.                |
| (ii) | Financial<br>Regulation 1645   | Relevant running charts for 05 vehicles had not been presented for audit.  | Action should be taken according to the Financial Regulations. | Action will be taken accordingly in future.                    |
| (c)  | The Circular No PE/01/01 of the Ministry of Electricity and Energy dated 17 August 2010. | An amount of Rs.165,000 spent for the repair of streetlamps in 2014 and 2015 could not be recovered since the council had not contracted the electricity board about the repair of street lamps. | Action should be taken to collect arrears.                     | Action will be taken in the future to come into an agreement.  |
| (d)  | The Circular No.30/2016 of Public Administration and Management dated 29 December 2016   | Fuel consumption tests was not done for the vehicles belonging to the council.   | Action should be taken according to the Circulars.             | Action will be taken according to the Circulars in the future. |

2. Financial review

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2.1 Financial Results  
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According to the Financial Statements presented, the Revenue over Expenditure of the Council for the year ended 31 December 2019 amounted to Rs.21,887,137 as compared with the corresponding Revenue over Recurrent Expenditure for the preceding year amounted to Rs.27,082,256.

## 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	5,225,000	4,177,539	2,516,333	10,543,923	5,205,000	4,176,393	3,143,902	8,882,717
Rent	1,988,200	2,166,135	1,624,168	1,354,965	2,796,200	1,656,123	1,413,325	812,998
Permit fees	1,621,000	1,559,055	1,238,972	320,983	2,876,000	1,114,097	1,114,097	900
Other income	31,566,536	28,972,124	15,524,927	147,037,451	27,920,000	28,351,770	1,629,000	133,590,254
Total	40,400,736	36,874,853	20,904,400	159,257,322	38,797,200	35,298,383	7,300,324	143,286,869

## 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	Recommendation	Comments of the Accounting Officer
An annual action plan was not made for the duties to be performed as according to the enacted bylaws by the Council.	An annual Action plan should be made.	Action will be taken to prepare an annual Action plan in the future.

(b) 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 enhance the living standards of the citizens by preparing long term plans for sustainable development.

Comments of the Accounting Officer

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

(c) Progress of implementing the projects

Audit observations

- (i) Work of 04 projects totaling to Rs.330,000 obtained under Criteria based Grants in the year under review had not been started.
- (ii) Work of 12 projects amounting to Rs.9,989,848 planned to start under the program of development of roads in Rural areas by Ministry of Provincial Council, Internal and Home affairs was not started.

Recommendation

- Projects should be started as planned.
- Projects should be started as planned.

Comments of the Accounting Officer

- Noted that projects will be started once provisions have been obtained.
- Noted that projects will be started once grants have been obtained.

3.2 Human Resource Management

Audit observations

- (a) Vacancies and Excess of staff Required action had not been taken to recruit 11 positions within the approved cadre.

Recommendation

Action should be taken to recruit to the required vacancies.

Comments of the Accounting Officer

Action will be taken to collect in the future.

(b) Staff loans

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Audit Observations

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Action had not been taken to collect staff loans amounting to Rs.144,156 from 08 staff members transferred, left service, and interdicted as 31 December of the year under review.

Recommendation

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Action should be taken to collect arrears of the loans.

Comments of the  
Accounting  
Officer

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Action will be taken to collect in future.

3.3 Management Inefficiencies

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Use of Library books

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Audit observations

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Action had not been taken for 393 library books which were recommended by the item survey in the preceding year to be repaired or disposed.

Recommendation

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Action should be taken according to the stock verification report.

Comments of the  
Accounting  
Officer

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Action will be taken according to the stock verification report.

3.4 Idle/Underutilized Assets

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Audit observations

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A compactor valued at Rs.6,221,373, a Hand tractor, and a Tractor trailer had been left unused for more than a year.

Recommendation

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Should be repaired or discarded.

Comments of the  
Accounting  
Officer

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Action will be taken to discard in the future.