

Yakkalamulla 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 27 February 2020 and the report of the Auditor General on 17 June 2020 and the Detailed Management report on 26 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 Yakkalamulla 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 -----
Although the Local Government Pension Contribution for the end of the year under review should be Rs.419,532 the Payable Pension account was overstated by an amount of Rs.1,000,000 and as such the Current Liabilities were overstated by that amount.	Payable Pension should be accounted correctly.	Noted that the information sent by the Department of Pension is wrong.

1.3.2 Unreconciled Accounts

Audit observations -----	Recommendations -----	Comments of the Accounting Officer -----
A difference amounting to Rs.122,964 had been observed between the balances of the Financial Statement Utility registers and sub registers in 03 accounting items as at 31 December of the year under review.	Action should be taken to correct the accounts after reconcile the balances of the accounts.	Action will be taken to correct in future since the differences were observed since a long time.

1.3.3 Receivable and Payable accounts

Audit observations	Recommendations	Comments of the Accounting Officer
(a) Receivable Accounts Action had not been taken to recover a Payable account balance of Rs.10,383,918 due since before the year 2017.	Receivable account balances should be recover as exigent.	Action will be taken to collect in due course balances due from a long time.
(b) Payable Accounts Action had not been taken to settle a Payable Debt balance totaling to Rs.18,257,394 from 2017.	Action should be taken to settle the payable account balances exigent.	Action will be taken to correct in future.

1.3.4 Lack of Documentary Evidence for Audit

Non submission of information.

Audit observations	Recommendations	Comments of the Accounting Officer
Information regarding 06 accounting items amounting to Rs.12,521,811 had not been presented for Audit.	Information confirming the balances of the financial statements should be presented.	Action will be taken to correct 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
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(a) 1988 Pradeshiya Saba (Financial and Administrative) Rules			
(i) Rule 59	A list of industries had not been prepared for industries within the area of authority of the council by conducting a survey.	Action should be taken in accordance with Rules.	Relevant action will be taken in future.
(ii) Rule 69	A register on Tax for selling of land was not maintained according to the P.S.26.D format.	Action should be taken according to the Rules.	Relevant action will be taken in future.
(iii) Rule 218	An annual inspection had not been conducted and report on Land and Buildings belonging to the Council.	Action should be taken according to the Rules.	Relevant action will be taken in future.
(b) Public Administration Circular.			
The Paragraph 5.1 of the Public Administration Circular No.30/2016 dated 29 December 2016	Log books were not maintained for 11 vehicles belonging to the council.	Action should be taken according to the Circulars.	Log books will be updated 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.23,100,673 as compared with the corresponding Revenue over Expenditure for the preceding year amounted to Rs.2,061,070.

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	1,503,040	805,425	801,739	260,736	1,398,040	733,698	750,154	257,050
Rent	7,094,000	6,042,961	6,006,887	253,074	4,715,000	5,555,566	5,556,581	217,000
Permit fees	864,000	759,922	1,770,422	(7,250)	1,659,000	2,631,307	1,622,307	1,003,250
Other income	66,602,000	89,756,121	63,279,250	34,359,919	64,465,000	34,954,519	37,442,557	7,883,048
Total	76,063,040	97,364,429	71,858,298	34,866,479	723,237,040	43,875,090	45,371,599	9,360,348

2.2.2 Acreage Tax

Audit observations

The arrears balance of Acreage tax as at 01 January of the year under review amounted to Rs.198,549 and the annual billed amount was Rs.37,610. The recoveries for the year amounted to Rs.23,808 and the arrears balance of Acreage tax as at 31 December of the year under review amounted to Rs.167,032. The total of persons who should pay the acreage tax to the council was 493 and 230 haven't paid the acreage tax for the year 2019.

Recommendations

Arrears of income should be recovered exigent.

Comments of the Accounting Officer

Action will be taken to recover arrears in future after conducting a survey.

2.3 Court fines and Stamp fees

Audit observations

The Court Fines amounting to Rs.1,896,160 and Stamp fees amounting to Rs.32,310,415 was to be taken from the Chief Secretary of the provincial Council and other authorities at 31 December of the year under review. yet as according to the information of the Chief Secretary, it was shown that nothing was to be paid for the Stamp fees as at the year under review.

Recommendations

Correct information should be presented in the council's books.

Comments of the Accounting Officer

Noted that the income to be received is given in the accounts.

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.

3.2 Human Resource Management

Audit Observations

Necessary action was not taken to fill 07 vacancies in primary and secondary positions of the approved Cadre.

Recommendations

Action should be taken to fill the Vacancies.

Comments of the Accounting Officer

Noted that Vacancies are to be filled through the Chief Ministry.

3.3 Operational Inefficiencies

Audit Observations

Trade permit application of 24 shopkeepers requesting Trade permits for the year 2019 were rejected and were advised to correct the mistake of the application by the Medical Officer of Health. But 16 of the said businesses were open without Permits.

Recommendations

Action should be taken to issue permits and legal action should be taken against shopkeepers without permits.

Comments of the Accounting Officer

Noted that Although it was given to the Income Inspector to take legal action, she was on leave.

3.4 Assets Management

3.4.1 Utilization of Vehicles

Audit Observations

Action had not been taken to dispose the hand tractor as according to the Circular No.02/2015 of the Public Financial dated 10 July 2015 yet it was parked in the council grounds.

Recommendations

Degraded vehicles should be removed as according to the Circular.

Comments of the Accounting Officer

Noted that action will be taken to dispose once problems have been resolved.

3.4.2 Idle and Under Utilized Assets

Audit Observations

A cab due repair since 31 January 2019 and a double cab due for new tires were not used for running due to the lack of Council funds. Although a Tractor and a Trailer not used for running since 2017, was put into the garage for repairs since February 2019 they were not repaired.

Recommendations

Should be repair exigent.

Comments of the Accounting Officer

Noted that since repairs will be taken a large sum to money and the council is not in the possession of funds.

3.4.3 Not Collecting the Income to be Taken from Assets

Audit Observations

The council had not used 3 ½ Acres of Welendawa Land controlled by the council for any useful economic activity.

Recommendations

Should be used for a fruitful activity.

Comments of the Accounting Officer

Noted that it will be used for cultivation purposes in future.