

Benthota Pradeshita 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 15 June 2020 and the Detailed Management reports on 29 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 Benthota 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
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(a) The expenditure incurred for maintenance of land and buildings in the year under review amounting to Rs.154,709 had been capitalized.	Should be accounted correctly.	Action will be taken to correct during the preparation of the accounts for the year 2020.
(b) The value of Tools and Equipment amounting to Rs.212,932 was added to the Machine and Machinery Balance as at 31 December of the year under review and as such Machine and Machinery and Capital Contribution by Income accounts were overstated by that amount.	Should be accounted correctly.	Action will be taken to correct during preparation of the accounts for the year 2020.
(c) Credit Provisions had not been made for an amount of Rs.4,790,855 to be paid to the Local Government Pension Fund as at 31 December of the year under review.	Creditors should be accounted correctly.	Action will be taken to rectify after obtaining correct information.

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| (d) | 46 plots of Land included in the Land and Buildings Register were not accounted after assessing their values. | Assets should be accounted correctly. | Action will be taken to correct during the preparation the accounts of the year 2020. |
| (e) | The stamp fees to be received in the year under review was overstated by an amount of Rs.2,340,840. | Income should be accounted properly. | Action will be taken to correct during the preparation of account for the year 2020. |

1.3.2 Receivable and Payable accounts

Audit Observations	Recommendation	Comments of the Accounting Officer
(a) Receivable accounts Action had not been taken to recover 05 receivable balances amounting to Rs.55,079,542 from 1993 to 2018.	Action should be taken to recover Receivable account balances.	Action will be taken to recover in future.
(b) Payable accounts Action had not been taken to settle the payable balances totaling to Rs.6,627,985.	Action should be taken to settle payable balances.	Action will be taken to settle in future.

1.3.3 Lack of documentary evidence for audit.

Non-Submission of information for audit.

Audit Observations	Recommendation	Comments of the Accounting Officer
Necessary information relating to 02 accounting amounting to Rs.307,110 was not presented for audit.	Evidence should be bought forward to confirming the balances of the Financial Statements.	Action will be taken to rectify in future.

1.4 Non-Compliance

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

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 Assessment Tax and a list of prohibition of property warrants had not been prepared	Action should be taken in accordance with the rules.	Action will be taken 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 in accordance with the rules.	Action will be taken accordingly in future.
(b) Financial Regulations of the Democratic Socialist Republic of Sri Lanka			
(i) Financial Regulation 371	Although ad hoc Advances should be settled as soon as the relevant work is completed but, an amount of Rs.75,787 of ad hoc advance taken in the preceding years had not been settled.	Action should be taken in accordance with the Financial Regulations.	Action will be taken to rectify in future.
(ii) Financial Regulation 571	Action had not been taken regarding deposits valued at Rs.477,316 due more than 2 years.	Action should be taken in accordance with the Financial Regulations.	Action will be taken to rectify in future.

- (c) Public Finance Circular No.02/2015 dated 10 July 2015. Action had not been taken to disposed 05 vehicles belonging to the Council which are not in running condition. Action should be taken in accordance with the Circular. It will be rectified in future.
- (e) Public Administrative Circular No.30/2016 dated 29 December 2016. A fuel consumption tests were not done for 08 vehicles belonging to the Council. Action should be taken according to the Circular. It will be rectified 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 amounted to Rs.16,989,568 as compared with the corresponding Revenue over Recurrent Expenditure for the preceding year amounted to Rs.13,977,444.

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	<u>2019</u>				<u>2018</u>			
	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	22,567,724	31,687,457	21,178,858	25,896,886	22,123,117	18,156,859	18,283,719	10,121,944
Rent	660,000	419,190	367,920	100,640	1,270,000	528,568	1,038,522	50,050
Permit fees	611,250	546,050	535,450	14,850	626,500	635,150	727,350	18,250
iv. Fees for Services	383,900	303,275	308,175	-	4,189,000	321,807	3,589,932	5,040
Total	24,222,874	32,955,972	22,390,403	26,012,376	28,208,617	19,642,384	23,639,523	10,195,284

2.2.2 Assessment

Audit Observations

Arrears of Assessment Tax

There were arrears of Rs.11,319,281 from the special property in the area of authority of Induruwa Sub office as at 30 September 2019.

Recommendation

Comments of the Accounting Officer

Arrears of income should be collected immediately.

Action will be taken to collect the arrears of income immediately.

2.2.3 Court fines and stamp duties

Audit observations

The Court Fines amounting to Rs.660,875 and Stamp Duties amounting to Rs.77,114,621 was to be recovered from the Chief Secretary of the Provincial Council and other authorities as at 31 December of the year under review.

Recommendation

Comments of the accounting officer

Arrears of income should be collected immediately.

Action will be taken to collect in future.

3. Operational Review

3.1 Performance

Solid waste management

Audit observations

A proper plan for disposal of garbage had not been operated.

Recommendation

Comments of the accounting officer

Action should be taken to prepare a long term program and formalize the long-term disposal of garbage.

Noted that action will be taken to prepare a long term plan after obtaining a land.

3.2 Human resource management

Audit observations	Recommendation	Comments of the accounting officer
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(a) Excess and Vacancies of staff. -----		
i. Action had not been taken to fill 13 vacancies of approved posts.	Vacancies should be filled.	Request for approval of the vacancies had been sent.
ii. Duties of Secondary staff members had been assigned to 13 Primary staff class.	Action should be taken to properly assign duties.	Action will be taken to assign duties properly.
(b) Staff loans -----		
An amount of Rs.66,197 had not been recovered from 19 officers who had Retired, Deceased, or had left service since a long time.	Staff loans should be recovered.	Action will be taken to recover in future.

4. Accountability and Good governance

4.1 Internal audit

Audit Observations	Recommendation	Comments of the Accounting Officer
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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 an Internal Audit and send audit reports properly.