

Thawalama 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 11 March 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

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 Thawalama 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) Court fines relevant to the year under review had been understated by an amount of Rs.146,867.	Income should be accounted correctly.	Action will be taken to correct during the preparation of accounts for the year 2020
(b) Library books amounting to Rs.288,855 received as donation in the year under review had not been accounted.	Should be capitalized correctly.	Action will be taken to correct during the preparation of accounts for the year 2020
(c) Credit provision had not been made for the Audit fees to be paid for the year under review.	Credit should be accounted.	Action will be taken to correct during the preparation of accounts for the year 2020

1.3.2 Unreconciled Accounts

Audit Observations	Recommendations	Comments of the Accounting Officer
(a) There was a difference amounting to Rs.362,158 between Balances the Financial Statement and utility registers/ sub registers of 02 Accounting items as at 31 December of the year under review.	Action should be taken to correct the accounts after reconcile the relevant balances.	Action will be taken to correct in future.
(b) There was a difference of Rs.1,093,200 between the Fixed Assets account and Capital Contributions by Income Account as at 31 December of the year under review.	Action should be taken to account correctly.	Action will be taken to correct during the preparation of accounts for the year 2020
(c) Although the Salary and Wages in the Income and Expenditure account amounted to Rs.12,066,553, it was shown in the ledger balance as amounted to Rs.11,319,746 and as such a difference of Rs.746,807 was observed.	Should be accounted correctly.	Action will be taken to correct during the preparation of accounts for the year 2020.

1.3.3 Suspense Account

Audit Observations	Recommendations	Comments of the Accounting Officer
Steps were not taken to settle the Debit balance in the Suspense account amounting to Rs.16,477 since 2013 and it was shown deduct from Current Liabilities.	Action should be taken to correct accounts after matching.	Action will be taken to correct since the differences has been observed since a long time.

1.3.4 Payable and Receivable Accounts

Audit Observations	Recommendations	Comments of the Accounting Officer
(a) Receivable Accounts Action had not been taken to recovered Receivable income of Rs.5,214,764 relevant to more than one year.	Receivable balance should be recovered.	Action will be taken to recover in future.

(b) Payable accounts.

Action had not been taken to solve Payable balances of Rs.2,283,876 due from a long time.

Balances due from preceding years should be solved.

Action will be taken to settle in future.

1.3.5 Lack of Documentary Evidence for Audit

Non-submission of information for Audit

Audit Observations

Recommendations

Comments of the Accounting Officer

Information regarding 08 items of accounting amounting to Rs.30,748,625 had not been presented for Audit.

Information confirming the balances of the financial statements should be submitted.

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

Recommendation

Comments of the Accounting Officer

(a) 1988 Pradeshiya Saba (Financial and Administrative) Rules

(i) Rule 193

A statement had not been prepared indicating the reasons for the Excess and Deficiencies after comparing the Budget and Expenditure items.

Action should be taken according to the Rules.

Action will be taken to correct in future.

(ii) Rule 218

All the Land and Buildings belonging to the council had not been inspected even as once a year.

Action should be taken according to the rules.

Action will be taken to correct in future.

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

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| (i) Financial regulation
102-110 | Action taken for the
damage due to accident of
a Cab on 22 June 2019 and
the relevant reports were
not submitted for audit | Action should be
taken according to
the Financial
Regulations. | The copies of
Investigation
reports could not
be submitted for
audit due to
unawareness. |
| (ii) Financial
Regulation 1645
and 1646. | Daily running charts and
Monthly summaries before
15 of each month of 08
vehicles used by the
council were not presented
for audit. | Action should be
taken according to
the Financial
Regulations. | Action will be
taken to correct
in future. |
- (c) Public Administrative and
Management Circular
No.30/2016 dated 29
December 2016
- | | | |
|---|--|---|
| Fuel consumption tests was
not done for 09 vehicles
belonging to the council. | Action should be
taken according to
the Circulars. | Action will be
taken according
to the Circular. |
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2. Financial Review

2.1 Financial Results

According to the Financial Statements presented, the Revenue over Expenditure Recurrent of the Council for the year ended 31 December 2019 amounted to Rs.85,783 as compared with the corresponding Expenditure over Recurrent Revenue for the preceding year amounted to Rs.1,287,871.

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	415,856	551,322	498,181	357,590	415,856	587,746	582,276	304,449
Rent	4,977,000	2,327,710	2,301,085	141,300	4,977,000	1,762,890	1,725,675	114,675
Permit fees	536,425	383,571	383,571	8,800	536,425	537,679	537,679	8,800
Other income	2,562,500	2,220,613	1,008,860	6,595,594	3,519,300	3,197,523	1,961,521	5,383,841
Total	8,491,781	5,483,216	4,191,697	7,103,284	9,448,581	6,085,838	4,807,151	5,811,765

2.2.2 Court Fines and Stamp Fees

Audit Observations

The Court Fines amounting to Rs.1,405,707 and Stamp Fees amounting to Rs.5,123,350 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 collected exigent.

Comments of the Accounting Officer

Letters had been sent to the Chief Secretary for the recovery of funds.

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.

Audit Observations

(a) Solid Waste Management

The waste recycling plant construction project was building spending Rs.1,459,808 and stopped halfway due to problems arisen from the ownership of the land and the lack of approval of the Environment Authority. Also, the council had not entered into a Long-term arrangement after building a separate unit.

Recommendation

Proper arrangement should be made for the Management of Waste.

Comments of the Accounting Officer

Noted that a long term plan will be prepared for the long term management of Waste.

(b) Goals Sustainable Development

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.

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

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

3.2 Human Resource Management

(a) Vacancies and Excess of Stuff

There were 09 Vacancies and 03 excess of Cadre was present as according to the Worker plan.

Action should be taken to formalize excess and properly recruit to vacancies.

Action will be taken to formalize the positions.

(b) Staff service warranty

Action had not been taken service warranty from Officers in charge of Finances or Stocks and Officers collecting revenue as according to the Rule 180 of 1988 Pradeshiya Saba (Financial and Administrative) Rules

Guarantee should be taken from Officers that should be taken.

Action will be taken to get the service Guaranty.

3.3 Asset Management

3.3.1 Failure to Document Assets

Audit Observations

Although the Head office building and the Weekly Fair Building built after spending an amount of Rs.58,069,162 from the Pura Naguama Project had been acquired by the Council in 2018, their values could not be accounted since the ownership of the land could not be cleared.

Recommendation

Action should be taken to confirming the ownership of the land.

Comments of the Accounting Officer

Action will be taken to confirm the ownership of land.

3.3.2 Failure to Collect the Income to be Received from Assets

Audit Observations	Recommendation	Comments of the Accounting Officer
Although the Weekly fair in Opatha had been Leased based on tender for a Lease of Rs.901,000 for the year under review, since the agreements did not specify the amount rent to be recovered, the Leaseholders had collected very high lease and as such the agreements had to be cancelled within 02 weeks due to the protests of the shopkeepers.	Action should be taken to recover rate after specifying Lease in the valid agreement.	Action will be taken accordingly in future.

3.3.3 Assets Not Taken Over

Audit Observations	Recommendation	Comments of the Accounting Officer
Action had not been taken to acquire 07 vehicles amounting to Rs.45,577,614 given to the council during the year 2014 and 2015.	Action should be taken to acquire the vehicles.	Noted that provision and Expenditure to acquired is not within Council fund.

4. Accountability and Good Governance

4.1 Internal Audit

Audit Observations	Recommendation	Comments of the Accounting Officer
An adequate internal audit was not conducted for the year under review and copies of internal audit report was not presented for Audit.	A proper internal audit should be conducted.	Action will be taken to conduct and send reports of internal audits in future.