

Aranayake Pradeshiya Sabha
Kegalle District

1 Financial Statements

1.1 Presentation of Financial Statements

The financial statements for the year 2019 had been presented to audit on 12 June 2020 and the summary report and the Detailed Management Report of the Auditor General on the financial statements had been issued to the Chairman on 11 August 2020 and 28 August 2020 respectively.

1.2 Qualified Opinion

In my opinion, except for the effects of the matters described in the Basis for Qualified Opinion Section of this report, the financial statements give a true and fair view of the financial position of the Aranayake 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

Audit Observation	Recommendation	Comments of the Accounting Officer
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(a) A total difference of Rs.1,531,099 was shown between the balances as per financial statements relating to 04 items of accounts as at the end of the year under review and the balances as per subsidiary registers.	Action should be taken to reconcile the financial statements and the subsidiary registers relating to that and to rectify.	Action will be taken to investigate the particulars relating to the employees loans and to rectify and to settle miscellaneous deposits and employees security deposits in the future.
(b) Due to non-submission of the schedules relating to 02 items of accounts totalling Rs.8,409,744 it could not be satisfactorily verified in audit.	The sufficient evidence should be submitted to confirm the items of accounts.	Action will be taken to update the register of Fixed Assets in the right way and to clear.

1.4 Non-compliances

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

Reference to Laws, Rules, Regulations and Management Decisions	Non-compliance	Recommendation	Comments of the Accounting Officer
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Dateless Circular No.01/2010 of the Commissioner of Local	Members were paid allowances of Rs.335,000 for 22	Action should be taken in accordance with	As the Sabha records state that the leave was

Government Paragraph
7.4 (ii), (iii), (iv)

occasions when they
did not attend the Sabha
meetings without
written notice.

the Circulars.

approved by the
Sabha, the
allowance was paid
to those members
even though they
did not attend the
meeting on that day.

2. Financial Review

2.1 Financial Results

According to the financial statements presented, the excess of revenue over recurrent expenditure of the Sabha for the year ended 31 December 2019 amounted to Rs.11,815,737 as compared with the excess of revenue over recurrent expenditure of the preceding year amounting to Rs.8,202,140.

2.2 Revenue Administration

2.2.1 Estimated Revenue, Billed Revenue, Collected Revenue and the Arrears of Revenue

The information relating to the estimated revenue, billed revenue, collected revenue and the arrears of revenue furnished for the year under review and for the receding year appears below.

Source of Revenue	Estimated Revenue	2019		Total arrears as at 31 December	2018		Total arrears as at 31 December	
		Billed Revenue	Collected Revenue		Estimated Revenue	Billed Revenue		
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Rates and Taxes	2,783,000	2,607,213	2,493,532	131,187	2,567,000	2,795,823	2,831,791	108,779
Lease Rent	3,239,000	2,550,143	2,703,101	160,492	2,642,600	1,924,885	1,965,846	321,131
Licence Fees	560,200	373,483	374,233	-	360,100	367,352	367,352	-
Other Revenue	21,956,800	21,071,851	22,959,174	31,687,447	13,966,600	15,213,695	22,287,223	29,861,490

2.2.2 Rates and Taxes

(a) Rates

Audit Observation

The balances of arrears of rates as at the end of the year under review amounted to Rs.95,453. All immovable properties of the authoritative area of the Sabha should be assessed once in 05 years for the purpose to recover rates but an assessment of properties had not been made after the year 2011.

Recommendation

Action should be taken to carry out the functions in terms of Section 158 of the Pradeshiya Sabha Act No.15 of 1987 and as well, action should be taken to assess the immovable properties properly.

Comments of the Accounting Officer

The action will be taken in the future to recover arrears amount. It has been referred to the Provincial Valuation Office to make the new assessment but no date has been given yet.

(b) Acreage Tax
Audit Observation

The balances of arrears of acreage tax as at the end of the year under review amounted to Rs.35,734 and it included a sum of Rs.25,236 brought forward for over a period more than 3 years.

Recommendation

Prompt action should be taken to recover arrears.

**Comments of the
Accounting Officer**

There are problems with the acreage tax properties and as such action will be taken to submit those to the General meeting and action will be taken to write off them in the future.

2.2.3 Lease Rent

Audit Observation

a) Action had not been taken to recover a sum of Rs.55,672 receivable relating to the leasing of Dippitiya Weekly Fair for the years 2002 and 2004.

b) Action had not been taken to recover Rs.97,058 remained receivable for over 05 years relating the old village Council building.

Recommendation

Action should be taken to recover old arrears.

Action should be taken to recover old arrears.

**Comments of the Accounting
Officer**

The arrears of Rs.20,220 relating to the leasing of Dippitiya Weekly Fair for the years 2004 had been referred to the Governor to write off and a case had been filed to recover the arrears of Rs.35,452.

Action will be taken to send letters informing to pay arrears money receivable for the old Village Council building as per the register as at 31 December 2019.

2.2.4 Court Fines and Stamp Fees

Audit Observation

The Court Fines and Stamp Fees receivable from the Chief Secretary of the Provincial Council and other authorities as at 31 December 2019 amounted to Rs.1,573,000 and Rs.29,190,939 respectively and it included the court fines and stamp fees exceeding 5 years amounting to Rs.50,000 and Rs.13,190,939 respectively.

Recommendation

Action should be taken to obtain the respective money to the Sabha.

**Comments of the
Accounting Officer**

Action will be taken to recover court fines and stamp fees.

3. Operating Review

3.1 Performance

The matters revealed in respect of the activities that should be carried out by the Sabha such as regularize and control over the matters of public health, public utility services, and thoroughfares and the comfort, facilities and wellbeing of the people under Section 3 of the Pradeshiya Sabha Act are given below.

(a) Sustainable Development Goals

Audit Observation	Recommendation	Comments of the Accounting Officer
----- Action had not been taken to prepare formal plans and to execute in respect of 3 main objectives out of the 17 objectives of the 2030 Agenda of the United Nations for Sustainable Development Goals.	----- Formal plans should be prepared and executed.	----- A workshop was held to achieve gender equality and to empower all women and girls, and the program of Accelerated Action Against the Climate Change and their effects had been executed.

(b) Solid Waste Management

Audit Observation	Recommendation	Comments of the Accounting Officer
----- Due to the Sabha not having a suitable land for the disposal of gully waste, the gully service had been provided only to the persons who were having the land space. As such the gully bowser had remained under- utilized and also it was unable to provide an equal service to the people of the authoritative area. But the Sabha had failed to find a suitable land for management of solid waste and to dispose gully waste even by the end of the year under review.	----- A suitable place should be obtained to dispose gully waste.	----- It is expected to provide a quality service to the people of the authoritative area with a compost project, without any underutilization of gully services after acquisition or purchase of the land Debathgama watta.

3.2 Human Resources Management

Audit Observation	Recommendation	Comments of the Accounting Officer
(a) Eighteen posts had remained vacant as at 31 December 2019. Three persons under contract basis and 6 persons under casual basis had been recruited for 8 categories of posts out of the above posts.	Action should be taken to complete the essential vacancies.	The office of the Assistant Commissioner of Local Government and office of the Deputy Chief Secretary had been informed in respect of these vacancies.
(b) Even though, the 02 libraries had been maintained, the 02 approved posts of librarian had remained vacant. As well, a crematorium had been maintained, but the post of permanent caretaker of the crematorium had been vacant. Even though a post of pre-school teacher had been approved, that post also had remained vacant. As such the services of the pre-schools could not be conducted.	Action should be taken to complete vacancies.	The Assistant Commissioner of Local Government had been informed monthly in respect of the vacancies of posts and also Deputy Chief Secretary (personal and training) had been informed quarterly continuously.

3.3 Assets Management

3.3.1 Failure to Confirm the Security of Assets

Audit Observation	Recommendation	Comments of the Accounting Officer
According to the Register of Cemeteries, there were 38 cemeteries belonging to the Sabha. Nevertheless, action had not been taken to carry out surveys and to transfer and to protect the properties.	Action should be taken to protect the properties.	Action is being taken to survey 02 lands of the cemeteries per year and to carry out vesting activities.

3.3.2 Assets not Transferred

Audit Observation	Recommendation	Comments of the Accounting Officer
The vehicles and trailers utilized by the Sabha which ownership was not transferred to the Sabha by December 2019, had been eleven.	Action should be taken to vesting the ownership.	The relevant actions are being taken for vesting activities of the assets.

3.3.3 Idle and Under-utilized Assets

Audit Observation	Recommendation	Comments of the Accounting Officer
(a) The polythene crushing bail machine provided by the Ministry of Provincial Councils and Local Government on 18 January 2018 amounting to Rs.784,300 had remained without being utilized.	Action should be taken to utilize or to provide to another Sabha which is having the requirement of the machine.	Comments not furnished.
(b) Even though, 04 vehicles valued at Rs.4,288,409 and 02 machineries valued Rs.767,289 belonging to the Sabha had remained idle from the year 2009 and 2011 respectively a suitable action had not been taken thereon.	Action should be taken either to dispose or to repair and utilize.	Action will be taken as per the recommendation of the Boards of Survey Reports in respect of these vehicles.
(c) The Utone road roller valued at Rs.5,500,000 had remained idle from the year 2015 due to the difficulty of transportation due to heavy loads and not being suitable for the area. Action had not been taken either to transfer to another Local Government institution with having that requirement or to take any suitable action.	Action should be taken either to use or to take on appropriate course of action.	Comments not furnished.

3.4 Identified Losses

Audit Observation	Recommendation	Comments of the Accounting Officer
Even though the responsible parties had been identified in respect of a vehicle met with an accident in the year 2017, the loss incurred amounting to Rs.550,973 had not been recovered even by the end of the year under review.	Action should be taken to recover losses.	The instructions has been requested from the Chief Secretary who as the Chief Accounting Officer in respect of recovery.

4. Accountability and Good Governance
4.1 Unresolved Audit Observations

Audit Observation	Recommendation	Comments of the Accounting Officer
----- The balance of the suspense account which remained brought forward prior to the year 2001 without being settled amounting to Rs.631,350 could not be settled.	----- Action should be taken to settle the balance of the suspense account.	----- It is not possible to settle because there are no relevant documents to find it.