

**Rideegama Pradeshiya Sabha
Kurunegala District**

1. Financial Statements

1.1 Presentation of Financial Statements

The financial statements for the year 2018 had been presented to audit on 29 March 2019 and the Summary Report of the Auditor General on the financial statements on 31 May 2019 and the Detailed Management Audit Report on 20 June 2019 had been furnished to the Chairman.

1.2 Qualified Opinion

In my opinion except for the impact of the facts described in the section of the basis for the qualified opinion of this report the financial statements give a true and fair view of the financial position of the Rideegama Pradeshiya Sabha as at 31 December 2018 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
(a) A sum of Rs. 814,642 incurred for the development of the Rambadagalla Library had not been capitalized.	The related expenses should be capitalized.	Arrangements will be made to bring this value to accounts in the next year.
(b) A trailer purchased on 28 February 2005 amounted to Rs. 165,000 had not been taken into accounts.	It should be accounted for under fixed Assets.	Further actions will be taken to report on the non-accounting of this trailer under motor vehicles and carts in financial statements.
(c) The furniture and equipment purchased during the year under review and before that valued at Rs. 296,305 had not been taken in to accounts	It should be taken in to accounts under fixed assets.	Arrangements will be made to correct in the next year financial statements.

1.4 Non- compliance

Non - compliance with Laws, Rules and Regulations

Reference to Laws, Rules and Regulations	Non – compliance	Recommendation	Comments of the Accounting Officer
Rule 207 of Pradeshiya Sabha 1988 (Financial and Administration)	Books and magazines valued at Rs. 400,000 had been purchased calling quotations only from one institution out of 04 registered suppliers in case of purchasing library books and magazines.	Actions should be taken in accordance with rules.	Necessary arrangements will be made to purchase library books through procurement process in accordance with Rule 207 of the Financial Administration in future.

2. Financial Review

2.1 Financial Results

According to the financial statements presented, the revenue over recurrent expenditure of the Sabha for the year ended 31 December 2018 was Rs. 21,066,405 as compared to the corresponding revenue over recurrent expenditure for the preceding year was Rs. 17,727,479 .

2.2 Revenue Administration

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

Details on the estimated revenue, billed revenue, collected revenue and arrears of revenue presented relating to the year under review and the preceding year are as follows.

Source of Revenue	<u>Year 2018</u>				<u>Year 2017</u>			
	Estimated Revenue	Billed Revenue	Collected Revenue	Total Arrears as at 31 December	Estimated Revenue	Billed Revenue	Collected Revenue	Total Arrears as at 31 December
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
I. Rates and Taxes	4,223	4,346	4,615	2,639	3,083	3,777	3,358	2,904
II. Rent	8,030	13,445	13,670	328	4,917	5,635	5,466	553
III. License Fees	1,933	1,207	1,231	47	1,683	1,612	1,718	171
IV. Other Revenue	85,137	75,406	84,956	23,852	77,322	69,535	69,531	37,390
Total	99,323	94,404	104,472	26,866	87,005	80,559	80,073	41,018

2.2.3 Rates and Taxes

<u>Audit Observation</u>	<u>Recommendation</u>	<u>Comments of the Accounting Officer</u>
(a) The arrears taxes for more than one year was Rs. 1,524,440 .	Arrangements should be made to recover arrears in accordance with the Pradeshiya Sabha Act and Rules (Financial and Administration) of Pradeshiya Sabha.	Actions will be taken to recover the arrears.
(b) The arrears acreage taxes for more than one year was Rs. 218,291 .	Actions should be taken to recover the arrears.	It is informed that the necessary actions will be taken to recover the balances.

2.2.3 Rent

Audit Observation

Recommendation

Comments of the Accounting Officer

The lease rent and stall rent receivable as at 31 December of the year under review were Rs. 280,498 and Rs. 47,760 respectively.

Actions should be taken to recover the arrears of rent .

Actions will be taken to recover the arrears in future .

2.2.4 Court Fines and Stamp Fees

Audit Observation

Recommendation

Comments of the Accounting Officer

The court fines amounted to Rs. 2,538,586 and stamp fees amounted to Rs. 16,116,256 were in receivable as at 31 December 2018 .

Actions should be taken to recover the arrears of charges.

It is informed that the actions will be taken to collect arrears.

2.2.5 Operating Review

Contract Administration

Audit Observation

Recommendation

Comments of the Accounting Officer

(a) Despite the work to be done had not been properly made in relation with 03 work items whilst repairing and development of the Hewawissa Library by incurring a sum of Rs. 399,458 of Sabha Fund 2017, a sum of Rs. 377,976 had been paid.

The works should be completed in terms of the agreements.

It is informed that the reconstruction works will be made with the approval of the Council Meeting by re-examining the dilapidated parts relevant to the Project.

(b) The remained part of the Niyangama Main Road was developed using concrete in the year 2017 using Sabha Funds amounted to Rs. 198,871

The works should be made in completion in terms of the agreements.

The maintenance period was over by the date of audit on 28 November 2018 and the 10 per cent retention was paid. Therefore, it is informed that the relevant dilapidated components

and it had appeared the slipped surface along the road by 40.5 sqm, cracked of 79.18 square meters in extent, and also broken away of the 3.54 square meter of the concrete floor.

of the project will be re-examined and rehabilitated with the approval of the Council Meeting.