

**Giribawa Pradeshiya sabha
Kurunegala District.**

1. Financial Statements

1.1 Presentation of Financial Statements

The financial statements for the year 2018 had been presented to the Audit on 25 March 2019 and the summary report of the Auditor General relating to those financial statements had been submitted to the Chairman on 31 May 2019 and the detailed management audit report had been submitted on 26 June 2019.

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 accompanying financial statements give a true and fair view of the financial position of the Giribawa Pradeshiya Sabha 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) Certificate of Conformity charges and dely charges of Rs. 438,150 recoverable from 07 telecommunication transmission towers erected by the end of the year under review had not been brought to account.	Action should be taken to identify and account for the receivable income.	Relevant adjustments will be properly made in the preperation of final accounts in the year 2019.
(a) According to the stock register, the stock balance of the General Stores was Rs. 1,056,621 as at the end of the year under review, whereas it was Rs. 719,310 according to the financial statements. Accordingly, a difference of	Differences should be recognized and brought to account.	Relevant adjustments will be properly made in the preperation of final accounts in the year 2019.

Rs. 337,311 was observed.

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| (c) | The value of the 37 cemeteries and 11 parcels of public land owned by the Sabha had not been assessed and accounted for. | The ownership of the lands occupied by the Sabha should be assessed and accounted for. | Action will betaken to accout for that value in the preperation of the accounts in the ensuing year. |
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1.4 Non-compliance

Non-compliance with laws, rules, regulations and management decisions

Instances of non-compliance with laws, rules, regulations and management decisions are given below.

Reference to laws, rules, regulations and management decisions	Non-compliance	Recommendati on	Comments of the Accounting Officer
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Extraordinary Gazette of the Democratic Socialist Republic of Sri Lanka, No. 1597/8 of 17th April 2009	Action had not been taken to recover charges from the transmission towers erected in the area of authority of Sabha.	Action should be taken to collect revenue as per the gazette notification.	Letters have been forwarded to the relevant institutions for the recovery of revenues to the Sabha from the transmission towers located in the area of authority of Sabha.

02. Financial Review

2.1 Financial Results

According to the financial statements presented, the revenue of the Sabha in excess of the recurrent expenditure amounted to Rs. 326,804 for the year ended 31 December 2018 as against the expenditure in excess of the recurrent revenue amounting to Rs. 259,139 for the preceding year.

2.2 Revenue Administration

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

Information on the estimated revenue, billed revenue, collected revenue, and revenue in arrears, presented relating to the year under review and the preceding year, is given below.

Source of Revenue	Estimated Revenue	2018			2017			
		Billed Revenue	Collected Revenue	Total arrears as at 31 December	Estimated Revenue	Billed Revenue	Collected Revenue	Total arrears as at 31 December
	Rs.	Rs.	Rs.		Rs.	Rs.	Rs.	Rs.
I. Rates and Tax	415,000	457,260	457,260	-	385,000	390,845	390,845	-
II. Rents	2,710,400	3,049,865	3,049,865	220,603	2,938,600	3,520,480	3,520,480	-
III. Licence Fees	415,000	397,150	397,150	-	410,000	410,000	373,825	36,175
IV. Other Revenue	37,390,004	33,306,111	7,244,780	4,358,586	8,990,000	8,990,000	4,139,557	4,850,443
Total	40,930,404	37,210,386	11,149,055	4,579,189	12,723,600	13,311,325	8,424,707	4,886,618

2.2.2 Rates and Taxes

Audit Observation

Steps have not been taken to identify the developed urban areas in the area of authority and designate them as an assessment zone.

Recommendation

Action should be taken to identify the developed urban areas and designate them as an assessment zone.

Comments of the Accounting Officer

A developed urban area has already been identified in the Giribawa Pradeshiya Sabha area and after getting the decision of the General Meeting of the Sabha an assessment zone will be established centered round that area.

2.2.3 Rentas

(a) Stall Rents

Audit Observation	Recommendation	Comments of the Accounting Officer
(i) Contrary to the agreed conditions, 07 trade stalls comprising 02 trade stalls in the bus stand, 01 trade stalls in Parakumpura and 04 trade stalls in Hattikuchchi had been sub-leased.	Action should be taken in accordance with the agreement against the breach of agreed conditions.	The audit revealed that sub-leasing of property belonging to the Giribawa Pradeshiya Sabha is illegal. Subsequent to informing the agreed lessees in that connection, the lessee agreed to maintain the 02 trade stalls in the Giribawa bus stand and the trade stall situated in Parakumpura ,Tract 03. A decision has been reached to sign new agreements for those sub-lessees in compliance with the Circular 2019/02 in respect of 04 trade stalls located in Hattikuchchi. The proposal therefor has been passed under the Decision No.6/2019/14/03 at the General Meeting held on .08.05.2019
(ii) Between 2006 and 2018, seven leaseholders had sold 7 outlets at Rs. 2,030,000 to outside parties without informing the Sabha.	The conditions of the agreement must be complied with.	Seven leaseholders who had entered into an agreement with the Giribawa Pradeshiya Sabha had handed over the shop to another party. As per the new circular 2019/02, action will be taken to hand over the shop new shop owner under an agreement.

2.2.4 Trade Licences

Audit Observation	Recommendation	Comments of the Accounting Officer
Thirteen institutions that had obtained environmental licenses had not obtained trade licenses	Action must be taken to obtain the license fee before the due date.	The businessmen have been informed by letters to carry the trade license but they have not come to carry the trade license. Nevertheless, the relevant trade licensing fee has been obtained by collecting revenue from the field. The trade licenses are not issued by post as yet, and action will be taken to issue trade license by post or from the year 2019.

03. Operating Review

3.1 Performance

Matters revealed in the regulation, control and administration of all matters relating to public health, public utility services and public thoroughfares and generally with the protection and promotion of the comfort, convenience and welfare of the people to be performed by the Sabha in terms of Section 3 of the Pradeshiya Sabha Act, are as follows.

(a) By-laws

Audit Observation	Recommendation	Comments of the Accounting Officer
The by-laws had to be enacted in order to fulfill 30 main functions in terms of Section 126 of the Pradeshiya Sabha Act. Nevertheless, no by-laws had been enacted as per the requirement of the Sabha even by 31 December 2018, but the by-law already passed had been adopted.	Action should be taken to enact by-laws in terms of the requirements of the Sabha.	Standard by-laws have been adopted. Steps will be taken to enact by-laws in a manner that is unique to the Sabha.

(b) Abandoned Tasks

Audit Observation -----	Recommendation -----	Comments of the Accounting Officer -----
Construction of the Pathanewewa Pre-School building, which had commenced construction under one program for one village concept in 2014 and paid a sum of Rs.352,432 had been confined to the construction of the foundation level only.	Action should be taken to complete the relevant project.	The construction of the Pathanawewa Pre-School building was carried out under the 'One Project for One Village' program implemented by the Giribawa Divisional Secretariat under the provisions of six lakhs in the year 2014. Only a part of the building was able to complete according to the allocated amount.

3.2 Assets Management

3.2.1 Idle and Underutilized Assets

Audit Observation -----	Recommendation -----	Comments of the Accounting Officer -----
Two assets worth Rs. 1,536,300 belonging to the Sabha remained idle without being used for any purpose.	Action should be taken to repair or dispose of idle or underutilized assets.	Quotations have been called for the repairs of the cab and water bowser subject to the specifications of the Local Government Mechanical Engineer

3.3 Human Resource Management

Employees' Loan

Audit Observation -----	Recommendation -----	Comments of the Accounting Officer -----
The loan balance that remained outstanding from three sacked and transferred officers over a period from 6 years to 29 years is Rs. 33,888	Action should be taken to recover the outstanding balance.	Letters have been sent to inform the relevant institutions and guarantors about the recovery of arrears.

3.4 Procurements

3.4.1 Procurement Plan

Audit Observation	Recommendation	Comments of the Accounting Officer
A Procurement Plan for the year 2018 has not been prepared.	A Procurement Plan should be prepared.	Accept. It is informed that a Procurement Plan for the year 2019 has been prepared.

3.4.2 Supplies and Services

Audit Observation	Recommendation	Comments of the Accounting Officer
Equipment worth Rs. 423,790 had been purchased without calling for bids during the year under review.	The Procurement Guidelines should be complied with.	Action will be taken not to repeat these shortcomings.

3.4.3 Contract Administration

Audit Observation	Recommendation	Comments of the Accounting Officer
(a) In order to reconstruct two roads in Sarahumgala Grama Niladharee's Division by laying blocks under the rural road development programme, a sum of Rs.3,735,732 had been paid in the year 2018. It was observed at the physical examination that the ridge of either side of the road had not been constructed properly in 1:2:4 (3/4) mixture and therefore, it could be easily dismantled.	Construction should be done in the proper mixture.	Action will be taken to remove the worn out curb fragments and re-arrange the same in 1: 2: 4 (3/4) mixture by the contractual society and then release the retention money.

- (b) Even though a sum of Rs. 498,912 had been paid for the Giribawa fair road development project under Provincial Specific Grants in the year 2018, by the time of the physical inspection, several places had been submerged and the road had been damaged.
- The sinking areas need to be rebuilt.
- Since this road is the main entry point to the Giribawa Weekly Fair, all vehicles coming to the Weekly Fair pass through this road. Accordingly, the removed portion of trees along the road has sunk considerably compared to other places. Steps will be taken to ensure that the place is properly secured through the Contractual Society before the release of the retention money.
- (c) Although Rs. had been 730,573 paid for the Thambutta water project in the year 2018 under the provisions of the community ,water projects work items from D1 to D11 and C1 to C12, and painting were not properly done.
- The shortcomings of the relevant constructions should be corrected.
- Action will be taken to correct the shortcomings found in the work items from D1 to D11 by the contractual society on the engineering consultations and otherwise, not to make payments in respect of the places that cannot be repaired. After repairing all the shortcomings, action will be taken to make the payment.