

**Pitabaddara Pradeshiya Sabha  
Matara District.**

-----

**1. Financial Statements**

-----

**1.1 Presentation of financial statements**

-----

Financial statements of 2019 had been presented for the audit on 27 February 2020 and Auditor General's summary report of such financial statements and detailed management audit report have been sent to the Chairman on 08 June 2020 and 15 June 2020 respectively.

**1.2 Qualified opinion**

-----

It is my opinion that financial status of Pradeshiya Sabha of Pitabaddara as at 31 December 2019 and financial performance thereof for the year ended by the same day are in compliance with generally accepted accounting principles and shown true and fair status by financial statements except the impact caused by matters described in the part of basis for the qualified opinion in this report.

**1.3 Basis for the qualified opinion**

-----

**(a) Accounting deficiencies**

-----

Audit observation	Recommendation	Comments by Accounting Officer
-----	-----	-----
Industries Debtor balance had been accounted less by Rs.168,549 at the end of the year under review.	It should be accurately accounted.	Since it was informed that allocation concerned would not be given while continuing the industry having estimated been prepared and entered into agreements, it had been approved by Sabha meeting held in June last year to pay from Sabha fund for the works done.

(b) **Non - reconciled accounts**

Audit observation	Recommendation	Comments by Accounting Officer
Difference of total was Rs.786,100 between balance of 05 account subjects of total Rs.4,555,981 which are included in financial statements and related documents and schedules thereto.	Actions should be taken to compare differences of balances concerned and correct accounts.	Differences of balances will be corrected in future.

(c) **Unavailability of necessary documentary evidences for the audit**

Audit observation	Recommendation	Comments by Accounting Officer
In the audit it was unable to satisfactorily observe 05 account subjects of which Total Rs.2,154,163 since needy information was not presented .	Evidences by which account balances stated in financial statements are proved should be presented.	These valuations continue for a few years from 2008 and related schedules are not available.

**1.4 Non - compliance**

**1.4.1 Non - compliance with rules, regulations and management decisions**

Occasions of Non - compliance to rules, regulations and management decisions are as follows.

Reference to rules, regulations and management decisions	Non - compliance	Recommendation	Comments by Accounting Officer
(a) Section 150 (4) Pradeshiya Sabha Act No. 15 of 1987	Attention of the Secretary has not been paid for recovery of income.	Actions should be taken as per section of the Act.	Necessary actions will be taken to publish income by annual Gazettes and recover such income by utilizing human and physical resources of the Sabha.

- (b) Financial Regulation 571 of Democratic Socialist Republic of Sri Lanka. Actions had not been taken to dispose balances of industries deposits of Rs.295,522 expired 03 years and three months bond deposit balances of Rs.481,969. Actions should be taken as per Financial Regulations. Corrective actions will be taken in future.

## **2. Financial Review**

-----

### **2.1 Financial Results**

-----

As per financial statements presented, Sabha income exceeding recurrent expenditure for the year ended by 31<sup>st</sup> December 2019 under review was Rs.4,068,519 and comparing with the previous year income exceeding recurrent expenditure was Rs.8,098,366.

## 2.2 Income Administration

### 2.2.1 Estimated income, billed income, collected income and arrears of income

Information of estimated income, billed income, collected income and arrears of income pertaining to year under review and previous year are as follows.

Income source	2019				2018			
	Estimated income	Billed income	Collected income	Total arrears as at 31 <sup>st</sup> December	Estimated income	Billed income	Collected income	Total arrears as at 31 <sup>st</sup> December
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Rates & taxes	1,529,500	1,577,735	1,564,355	966,756	1,453,750	1,468,827	780,892	953,376
Rentals	4,343,000	4,571,985	4,033,753	2,177,792	4,981,000	11,176,728	11,199,926	1,639,560
Permit fees	305,100	746,858	753,858	71,522	263,100	387,178	379,178	78,522
Other income	11,989,000	12,057,488	9,779,381	18,871,941	11,915,500	9,204,520	9,025,283	16,593,834
<b>Total</b>	<b>18,166,600</b>	<b>18,954,066</b>	<b>16,131,347</b>	<b>22,088,011</b>	<b>18,613,350</b>	<b>22,237,253</b>	<b>21,385,279</b>	<b>19,265,292</b>

### 2.2.3 Rates & Taxes

-----

Audit observation	Recommendation	Comments by Accounting Officer
-----	-----	-----
<b>(a) Rates</b> -----		
Although 10 Grama Niladar's Division had been declared as developed areas by Gazette No. 1824 dated 28 February 2010, process of recovering assessments had not been commenced.	Developed areas should be identified and assessments should be recovered for properties.	New proposal has been passed for imposition of assessments and future actions will be taken.
<b>(b) Acreage tax</b> -----		
Initial balance was Rs.267,517 while sum of Rs. 299,373 was to be recovered with billings of the year Rs.31,856. Since total recoveries within the year was Rs.13,377 arrears was Rs.285,996 at the end .	Arrears of income should be recovered soon.	Needy actions had been taken to recover arrears by forwarding forms K.

### 2.2.4 Other income

-----

#### Court fines and stamp fees

-----

Audit observation	Recommendation	Comments by Accounting Officer
-----	-----	-----
At the end of the year under review sum of Rs.1,805,203 being court fines and Rs.15,911,361 being stamp fee were to be received from Chief Secretary and other authorities of Provincial Council.	Arrears of income should be received soon.	Although requests have been made through Chief Secretary of Provincial Council to obtain money, Proper reimbursement had not been occurred.

### 3. Operating Review

---

#### 3.1 Performance

---

As per section 3 of Pradeshiya Sabha Act, the Sabha was expected to perform duties such as regularizing and control of public health, public utilities services and matters pertaining to public roads, well being of people, convenience and welfare. Matters revealed pertaining to performance of such functions are as follows.

#### Sustainable Development Targets

---

Audit observation	Recommendation	Comments by Accounting Officer
Sabha had not prepared long term plans for the improvement of living standard and health of people living within the Sabha area through global indexes aimed at sustainable development goals and targets in the agenda for sustainable development 2030.	Programs should be planned and carried out to achieve sustainable development goals and targets.	Plans have been already prepared targeting sustainable development goals and approval of the Sabha has been obtained and future actions will be taken to implement

#### 3.2 Human Resources Management

---

Audit observation	Recommendation	Comments by Accounting Officer
<b>(a) Vacancies &amp; excess of cadre</b>		
Actions had not been taken to fill 15 vacancies of approved posts and regularize excessive cadre of 10 employees.	Vacancies should be filled and excessive posts be regularized.	Requests have been forwarded to Chief Secretary to fill vacancies and still not filled vacancies. Excess cadre had been deployed in service as casual and substitute.
<b>(b) Employees loans</b>		
Actions had not been taken to recover due balance of arrears Rs.34,850 from 08 employees who have neglected payments according to employees loan register of the Sabha.	Loan balances of employees should be recovered soon.	Employed concerned have been made aware by letters to recover due amount of Rs. 34,850 and actions will be taken to recover the same from guarantors if not so settled.

### 3.3 Operating inefficiencies

-----

Audit observation	Recommendation	Comments by Accounting Officer
-----	-----	-----
(a) 26 business firms had not obtained environment permits for the year 2019 as per Gazette notification No.1533/16 dated 25 January 2008 and attention of the Sabha had not been paid for damages caused by these firms. In addition sum of Rs.182,000 had not been recovered as preparation fee and permit fees.	Should act as per the Gazette notification.	Actions will be taken regarding firms who have not obtained permits for 2020.
(b) Fees of Rs.35,755 had not been charged for 13 notice boards displayed at Pitabaddara – Morawaka road with no approval as per provisions of Gazette notification No. 2094 and 19 <sup>th</sup> October 2018.	Arrears of income should be recovered soon.	Actions will be taken regarding firms who have not paid fees for 2020.