

Kamburupitiya Pradeshiya Sabha
Matara District.

1. Financial Statements

1.1 Presentation of financial statements

Financial statements of 2019 had been presented for the audit on 28 February 2020. 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 Kamburupitiya 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
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(i)	Balance of Creditors had been accounted less by Rs.21,116,634 due to debit of Rs.10,558,317 for creditors to correct the such payment under creditors for which allocation as not made in the previous year.	It should be accounted accurately.	Corrective actions will be taken.
(ii)	Creditor allocation had not been made for payment of electricity bills of Rs.87,108 due for the period from the year 2012 to 2015 for the <i>Ambalama</i> belonged to Sabha.	It should be accounted accurately.	Actions will be taken based on recommendations made by a special committee consisted of Sabha members and officers as per Sabha decision.

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| (iii) | Loudspeakers equipment purchased in the previous year spending Rs.97,460 had not been capitalized. | Fixed assets should be accounted accurately. | Corrective actions will be taken. |
| (iv) | Capital expenditure of Rs.1,568,675 spent in developing Sabha properties in the year under review had not been accounted. | Value of works completed should be capitalized. | Valuations paid up in the year under review has been capitalized and difference is the retention amount of ten per cent. |
| (v) | Creditor allocation had not been made for Rs.1,776,119 due into Local Govt. Services Pension Contributory Fund at the end of the previous year, | It should be accounted accurately. | Corrective actions will be taken. |

(b) Non - Reconciled Accounts

Audit Observation -----	Recommendation -----	Comments by Accounting Officer -----
Difference of total was Rs.,105,945,169 between balance of 09 account subjects of total Rs.141,827,473 which are included in financial statements and of related documents and schedules thereto.	Actions should be taken to compare differences of balances concerned and correct the same.	Issues of balancing documents is prevailing for a lone period of time and actions will be taken to balance the document and correct the same.

(c) Suspense account

Audit Observation -----	Recommendation -----	Comments by Accounting Officer -----
No measures had been taken to identify, adjust and settle the balance of suspense account Rs.1,168,845 which is being brought forward in financial statements from previous years.	Actions should be taken to make needy adjustments and settle the same.	This has been prevailing from the year 2006 and no document information to make it correct.

(d) Unavailability of necessary documentary evidences for the audit

Audit Observation	Recommendation	Comments by Accounting Officer
----- In the audit it was unable to satisfactorily observe 13 account subjects of which Total Rs108,713,194 since needy information was not presented.	----- Evidences by which account balances stated in financial statements are proved should be presented.	----- Actions will be taken to include lands and buildings into register concerned and settle long lasting issues and correct the matter.

1.4 Non - compliance

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

Occasions of non - compliance with rules, regulations and management decisions are as follows.

Reference to rules, regulations and management decisions	Non compliance	Recommendation	Comments by Accounting Officer
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(a) Pradeshiya Sabha Rules of 1988 (Financial & Admin.) -----			
(i) Rule 33	List of persons who neglected payments of assessments and warrants of property prohibition had not been prepared.	Should act as per rules.	Corrective actions will be taken.
(ii) Rule 143	Refundable deposit ledger had not been monthly collected and total of balance not adjusted with main ledger account.	Should act as per rules .	Corrective actions will be taken.

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| (b) | Public Finance circular No. 01/2012 dated 05 January 2012. | Contracts of construction industries had been awarded to societies without inspection of suitability in assigning work contracts to community based organizations. | of Should act as per circular. | Corrective actions will be taken. |
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2. Financial Review

2.1 Financial Results

As per financial statements presented, Sabha income exceeding recurrent expenditure for the year ended by 31st December 2019 under review was Rs.28,188,811 and comparing with the previous year income exceeding recurrent expenditure was Rs.13,301,021.

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 st December	Estimated income	Billed income	Collected income	Total arrears as at 31 st December
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Rates & taxes	2,912,040	2,802,319	2,897,024	1,432,237	2,279,258	2,626,520	2,419,218	1,526,942
Rentals	13,987,800	8,042,270	7,833,020	1,216,748	7,334,109	6,726,806	7,373,009	1,007,498
Permit Fees	702,000	1,257,178	1,104,628	252,945	982,450	1,679,271	1,664,671	100,395
Other income	30,557,224	49,460,000	52,485,479	31,572,543	6,730,000	26,713,512	11,857,099	34,598,022
Total	48,159,064	61,561,767	64,320,151	34,474,473	17,325,817	37,746,109	23,313,997	37,232,857

2.2.2 Rates & Taxes

Audit Observation	Recommendation	Comments by Accounting Officer
(a) Rates		
Balance of Arrears of assessments as at the beginning of the year under review was Rs.1,199,595 and Rs.2,693,437 was to be recovered with Rs.1,493,841 being billings and surcharges of the year. At the end of the year there was a minus balance of Rs.1,170,454 since total recoveries within the year was Rs.1,522,983.	Arrears of income should be recovered soon.	Billings of assessments has been stopped from 26 th February 2018 and actions have been taken to forward for approval of Minister in charge of subject for writing off from books arrears of Rs.140,660 due from a few years.
(b) Acreage tax		
Initial balance of arrears of acreage tax was Rs.327,347 while Rs.351,335 was to be recovered with Rs.23,988 being billings of the year. At the end of the year there was a minus balance of Rs.331,436 since total recoveries within the year was Rs.19,899.	Arrears of income should be recovered soon.	It has been forwarded to General meeting of the Sabha to exclude from income register names of acreage tax owners after been divided lands identified in field inspections carried out and further actions are being taken to recover arrears and identify accurate data of lands.

2.2.3 Rentals

Audit Observation	Recommendation	Comments by Accounting Officer
Boutique Rentals		
Initial arrears was Rs.1,002,739 while Rs.9,165,630 was to be recovered with Rs.8,162,891 being billings and surcharges of the year. At the end of the year there was a minus balance of Rs.10,189,144 since total recoveries within the year was Rs.8,146,486.	Arrears of rentals should be recovered soon.	Filing cases at Arbitration Board, sending letters of reminders, recovering cash in the field etc. are to be done in order to recover arrears. This balance of arrears includes charged as long term instalments of arrears as per judgments of cases.

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.1,309,037 being court fines and Rs.28,182,574 being stamp fee were to be received from Chief Secretary and other authorities of Provincial Council.	Arrears court fines and stamp fees should be recovered soon.	Institutions concerned have been requested to obtain arrears.

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.

Audit Observation	Recommendation	Comments by Accounting Officer
Solid waste management Garbage daily collected by the Sabha had been improperly disposed into the land situated behind fair of Kamburupitiya Town without being categorized.	Garbage should be disposed in a proper manner.	Actions will be taken not to dump garbage in the present land upon acquisition of a suitable land.

3.2 Management inefficiencies

Audit Observation	Recommendation	Comments by Counting Officer
(a) No actions had been taken regarding 53 unauthorized constructions from the year 2017 to	Actions should be taken as per the	Actions will be taken in future to prepare a proper program in

2019 as per sections 49 and 52 of Pradeshiya Sabha Act No. 15 of 1987.

order to regularize the register of unauthorized constructions, inspect unauthorized constructions based on that register and remove the same.

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| (b) | 167 unauthorized businesses of clay and bricks were functioning within the Sabha area and attention of the Sabha had not been paid towards environmental damages caused by such businesses. | Sabha should take necessary actions not to maintain such environmental hazardous businesses. | It is difficult for Pradeshiya Sabha alone to look into environmental impact caused by industry of clay bricks which is the major livelihood of people living in Kahagala area. |
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3.3 Human Resources Management

Audit Observation	Recommendation	Comments by Accounting Officer
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(a) Vacancies & excess of cadre -----		
Actions had not been taken to fill 12 vacancies of approved posts and regularize excessive cadre of 04 employees.	Vacancies should be filled and excessive posts be regularized	Actions are being taken as per F.R. 71 for all excessive posts except post of Community Development Officer and to obtain the approval from the Governor for recruitments for vacancies.
(b) Sabha had to bear up an additional expenditure of Rs.2,842,280 for the year under review due to non assignment of proper duties for Health and Road Labourers recruited and re-recruitment of employees on substitute basis to fulfil the same duties.	Proper assignment of duties should be done.	By now all Road and Health Labourers have been issued letters of assignment of duties and actions will be taken to properly state duty description daily assigned to Road Labourers.
(c) Employees loans -----		
No action had been taken to recover arrears of loan balance Rs.199,739 as at the end of the year under review.	Quick actions should be taken to recover balance of employees loans.	Actions are being taken to recover loan balances and it will take a long period of time.

3.4 Operating inefficiencies

Audit Observation	Recommendation	Comments by Accounting Officer
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(a) Although 06 motor vehicle parking places had been shown in four storied building plan with an extent 1306.93 sq. m. for commercial use in building development permit No. BA/2014/05 approved by planning committee decision dated 20 March 2014, space had been reserved only for 01 motor vehicle park. Rs.2,500,000 had not been charged for 05 vehicle parks being Rs.500,000 for each for the change of use as per Paragraph 5 of Gazette No. 1597/8 dated 17 th April 2009 issued by Ministry of Urban Development and Development of sacred lands.	Necessary actions should be taken soon.	Owner of the building has been informed.
(b) No action had been taken as per 6 (ii) of sub section v of Gazette No. 1597/8 dated 17 th April 2009 issued by Urban Development Authority regarding building construction which is inconsistent with building plans approved by development permit No. BA/2018/62 and BA/2014/ 05.	Should act as per the Gazette notification.	Owner has been informed to legalize the construction within 14 days.

3.5 Assets Management

3.5.1 Non Assurance of protection of assets

Audit Observation	Recommendation	Comments by Accounting Officer
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No action had been taken by the Sabha regarding the encroached land called Pethumgama containing in extent 02 acre which is belonged to Sabha.	Necessary actions should be taken soon.	Since this land owned to Land Reformation Commission requests have been made to that commission in order to take over the ownership of the land.

3.6 Contract control

Audit Observation

Although payments had been made as Rs.940,887 for 236.88 sq. m. for supplying & fixing 50x50 P.V.C. 5’x11’’ height wire mesh (Gage 10) under work subject 01 for construction of net fence in between Bus stand and playground, only 201.06 sq, m. had been done under that work subject. Accordingly Rs.142,277 had been over paid for 35.82 sq. m. (35.82 x 3972)

Recommendation

Payments should be made according to shares of works done.

Comments by Accounting Officer

Retention amount of Rs.94,947 has not been released and actions will be taken to set off the retention for the excess payments.