

**Bibila Pradeshiya Sabha**

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**Monaragala District**  
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**1. Financial Statements**

**1.1 Presentation of Financial Statements**

The financial statements for the year 2019 had been presented for audit on 26 February 2020 and the summary report of the Auditor General on the financial statements and the detailed management report had been forwarded to the Chairman on 15 June 2020 and 29 June 2020 respectively.

**1.2 Qualified Opinion**

In my opinion, except for the effect of matters described in the part, basis for qualified opinion section of this report, the financial statements give a true and fair view of the financial position of the Bibila 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 the Qualified Opinion**

**(a) Accounting Deficiencies**

Audit Observations	Recommendations	Comments of the Accounting Officer
(i) Stall Rent had been accounted Rs.132,000 less for the year under review.	The Accounts should be prepared accurately.	Inform that it could not be accounted and the account would be corrected in the year 2020.
(ii) 05 lands owned by the Sabha had not been valued and accounted.	The Accounts should be prepared accurately.	Inform that it would be corrected when preparing the accounts for the year 2020.

## 1.4 Non Compliances

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

<b>Reference to Laws, Rules, Regulations and Management Decisions</b>	<b>Non Compliances</b>	<b>Recommendations</b>	<b>Comments of the Accounting Officer</b>
(a) <u>Pradeshiya Sabha Act No.15 of 1987</u>			
(i) Section 19(1)(xii)	The approval had not been obtained from the Minister when leasing out the Multi-function Building owned by the Sabha for 15 years.	Actions should be taken according to the Regulations of the Act.	Inform that the approval from the Chief Minister had not been received up to now.
(ii) Section 139	The term reports had not been called as to assess the annual value of the property to calculate rates.	Actions should be taken according to the Regulations of the Act.	Inform that the term reports would be called in the year 2020.
(iii) Section 158,162 and 163	The rates in arrears that should be recovered in the as at 31 December of the year under review of Rs.5,434,653 had not been recovered.	Actions should be taken according to the Regulations of the Act.	Inform that the property would be forbidden and the arrears would be recovered in the future.
(b) <u>National Audit Act No.19 of 2018</u> Section 39	A response had not been shown for the Managementl Audit Report I had forwarded on the Financial Reports for the year ended 31 December 2018 under section 11(2) of National Audit Act.	The answers should be given within 03 months for the recommendations in the Management Audit Report.	Inform that answers had not been given by a mistake.

(c)	Extraordinary Gazette No.1597/8 dated 17 April 2009	Certificates of Conformity had not been issued for 64 Building Plans that had been approved in the year 2014,2015 and 2016.	Actions should be taken according to the Gazette after the Physical inspection .	Inform that it had been informed in writing to the relevant parties that had not obtained the Certificates of Conformity.
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**2. Financial Review**  
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**2.1 Financial Results**  
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According to the financial statements presented for the year ended 31 December 2019, the excess of revenue over recurrent expenditure of the Sabha amounted to Rs.22,090,344 as compared with the corresponding excess of revenue over recurrent expenditure of the preceding year amounting to Rs.32,267,729.

**2.2 Revenue Administration**  
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**2.2.1 Estimated Revenue, Revenue Billed, Revenue Collected and the Arrears of Revenue**  
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Information relating to the estimated revenue, revenue billed, revenue collected and the arrears of revenue furnished for the year under review and the previous year appear below.

Source of Revenue	Estimated Revenue	2019			2018			Total arrears as at 31 December
		Revenue Billed	Revenue Collected	Total arrears as at 31 December	Estimated Revenue	Revenue Billed	Revenue Collected	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
(i) Rates and Taxes	8,468,650	8,761,099	6,830,215	1,930,884	5,924,975	6,412,936	4,192,378	2,220,558
(ii) Rent	17,930,530	13,973,243	12,590,068	1,383,175	12,142,338	11,609,839	9,262,937	2,346,902
(iii) Licence Fees	1,550,500	1,789,648	1,789,648	-	250,000	350,220	350,220	-
(iv) Other Revenue	21,047,500	24,747,690	18,251,694	6,495,996	205,000	1,181,148	1,181,148	-
<b>Total</b>	<b>48,997,180</b>	<b>49,271,680</b>	<b>39,461,625</b>	<b>9,810,055</b>	<b>18,522,313</b>	<b>19,554,143</b>	<b>14,986,683</b>	<b>4,567,460</b>

## 2.2.2 Rates and Taxes

<b>Audit Observations</b>	<b>Recommendations</b>	<b>Comments of the Accounting Officer</b>
<u>Rates</u>		
i. Sabha had verified the Tax paid areas in the year 1990 but the consideration had not been given to verify the developed areas timely and recover tax.	The Developed Areas should be verified timely and amend the rates paid areas.	Inform that it had been forwarded to the Sabha to expand the Developed Areas.
ii. Rates of Rs.1,434,772 had not been recovered as at 31 December out of the revenue billed of Rs.3,163,819 for the year under review and it had been 45 per cent. In this arrears amount there had been 65 units that arrears more than Rs.10,000, that arrears amounted to Rs. 1,195,168.	The Arrears rates should be recovered.	Actions would be taken to recover the arrears amount.
iii. Rs.3,999,881 out of the balance rates in arrears income at the beginning of the year under review of Rs.5,160,699 had not been recovered. That amount not recovered had been 77 per cent out of the rates in arrears at the beginning of the year under review.	The Arrears rates should be recovered.	Actions would be taken to recover the arrear amount.

## 2.2.3 Stall Rent

<b>Audit Observations</b>	<b>Recommendations</b>	<b>Comments of the Accounting Officer</b>
<u>Property Tax in Arrears</u>		
Tax had not been recovered of Rs.1,184,013 from 09 properties owned by the Sabha.	The Tax in arrears should be recovered.	Inform that it had been sued to claim the tax in arrears.

#### 2.2.4 Hoarding Board Charges

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<b>Audit Observations</b>	<b>Recommendations</b>	<b>Comments of the Accounting Officer</b>
----- The Hoarding Board Charges on 35 Hoarding Boards fixed within the authority of the Sabha of Rs.96,150 for the year under review had not been charged.	----- The Hoarding Board Charges should be recovered after an inspection of the Revenue Officers.	----- The charges could not be recovered in the year 2019 and actions would be taken to recover in the year 2020.

#### 2.2.5 Water Charges Income

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<b>Audit Observations</b>	<b>Recommendations</b>	<b>Comments of the Accounting Officer</b>
----- Water Charges in arrears of Rs.613,490 had not been recovered over a year.	----- Water Charges in arrears should be recovered.	----- It had been recovered Rs.348,003 as at 30 May 2020 and actions would be taken to recover the rest of the amount.

#### 2.2.6 Court Fines and Stamp Duty

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<b>Audit Observations</b>	<b>Recommendations</b>	<b>Comments of the Accounting Officer</b>
----- Court Fines in arrears of Rs.1,463,383 and Stamp Duty in arrears of Rs.5,510,893 had not been recovered as at 31 December of the year under review.	----- The arrears in Court Fines and Stamp Duty should be recovered.	----- Inform that Rs.886,232 out of the arrears in Court Fines and Rs.1,681,134 out of arrears in Stamp Duty had been recovered.

### 3. Operating Review

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#### 3.1 Performance

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The following matters were revealed with regard to duties to be fulfilled by the Sabha in terms of Section 3 of the Pradeshiya Sabha Act, such as regularization and control of matters relating to public health, public utility services and public thoroughfares, public comfort, convenience and welfare.

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
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<p>(a) <b><u>By-laws</u></b>  By-laws had not been enacted to complete 06 matters out of 30 main matters under Section 126 of the Pradeshiya Sabha Act as at 31 December of the year under review.</p>	<p>By-laws should be enacted for the matters that had not enacted by-laws.</p>	<p>Inform that the Drafts of the by-laws had been made on 03 matters and sent them to the office of the Commissioner of Local Government and the Drafts for the by-laws are being made for other matters.</p>
<p>(b) <b><u>Targets of Sustainable Development</u></b>  The Sabha had not been identified the indices for measuring the Progress of the Sustainable Development Targets relevant to the Sabha and achieved them, Even though Sabha had been aware of the “Sustainable Development Goals Agenda of United Nations 2030”</p>	<p>Targets of the Sustainable Development and indices to measure the progress of achieving them should be identified and measured annually.</p>	<p>Inform that the targets and the indices would be recognized and taken actions in the future.</p>

### 3.2 **Human Resources Management**

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<b>Audit Observations</b>	<b>Recommendations</b>	<b>Comments of the Accounting Officer</b>
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<p>05 vacancies relevant to 05 posts and 16 excesses relevant to 07 posts had been remained as at 31 December of the year under review.</p>	<p>The vacancies should be filled and the excess Staff should be regulated.</p>	<p>Inform that the Approved Cadre was not enough as at 01 January 2013 and new staff had been appointed and the Department of Management Services had been informed with the Reports for justifying. Vacancies had been informed to the Commissioner of Local Government.</p>

### 3.3 Assets Management

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<b>Audit Observations</b>	<b>Recommendations</b>	<b>Comments of the Accounting Officer</b>
<p>-----</p> <p><u>Not Updating the Roads Inventory</u> The Roads Inventory had not been updated after the year 2012.</p>	<p>-----</p> <p>The Roads Inventory should be updated</p>	<p>-----</p> <p>Inform that a sufficient staff is not available therefore a suitable action would be taken in the future.</p>

### 3.4 Vehicle Utilization

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<b>Audit Observations</b>	<b>Recommendations</b>	<b>Comments of the Accounting Officer</b>
<p>-----</p> <p>02 machines owned by the Sabha had consumed fuel of Rs.1,208,211 and run for 1,486.53 metre hours to fulfill 257 works during 01 January 2019 to 31 August according to the daily running charts. But the Estimates and the finished work reports on those works had not been prepared.</p>	<p>-----</p> <p>Estimates and the Finished Work Reports should be prepared.</p>	<p>-----</p> <p>Inform that the Estimates and the Finished Work Reports could not be made because of one technical Officer is available.</p>

## 4. Accountability and Good Governance

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### 4.1 Internal Audit

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<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
<p>-----</p> <p>Sabha had not been carried out a proper Internal Audit for the year under review.</p>	<p>-----</p> <p>A proper Internal Audit should be carried out.</p>	<p>-----</p> <p>Inform that an internal audit had not been carried out in the year 2019 and it would be done in the year 2020.</p>



**4.2 Audit and Management Committee**

**Audit Observation**

**Recommendation**

**Comments of the Accounting Officer**

Audit and Management Committee had not been held for the year under review.

Audit and Management Committee should be held in the Sabha.

Inform that an Audit and Management Committee had not been hold in the year 2019 and it would be done in the year 2020