

Kebathigollewa Pradeshiys Sabha  
Anuradhapura District  
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1. Financial Statements  
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1.1 Presentation of Financial Statements  
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The financial statements for the year 2019 had been presented to the Audit on 28 February 2020. The summary report of the Auditor General relating to those financial statements, and the detailed management audit report had been submitted to the Chairman on 09 July 2020 and 10 September 2020 respectively.

1.2 Unqualified Opinion  
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In my opinion, the financial statements give a true and fair view of the financial position of the Kebathigollewa Pradeshiya Sabha as at 31 December 2019 and its financial performance for the year then ended in accordance with Generally Accepted Accounting Principles.

(a) Accounting Deficiencies  
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Audit Observation -----	Recommendation -----	Comment of the Accounting Officer -----
Value of 05 units of lands and buildings owed by the Sabha had not been identified and accounted for.	Value of the properties belonging to the Sabha should be stated in the Financial Statements .	Action should be taken to identify and account for the values.

(b) Unreconciled Accounts  
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Audit Observation -----	Recommendation -----	Comment of the Accounting Officer -----
(i) The value of Rs. 4,370,044 stated in 10 main ledger accounts as at 31 December of the year under review had been shown as Rs. 134,967,037 in the trial balance as at that date and accordingly, there was a difference totaling Rs.135,247,320.	Action should be taken to reconcile the relevant difference and correct the accounts.	Agree.

(ii)	Revenue of Rs. 788,132 in three items of accounts in the financial statements had been shown as Rs. 799,262 according to the relevant income records, thus resulting in a total difference of Rs. 153,030.	Action should be taken to reconcile the relevant difference and correct the accounts.	Agree.
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(c) Lack of Documentary Evidence for Audit

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 Non-submission of Information  
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Audit Observation

Recommendation

Comment of the  
Accounting Officer

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 No credible evidence had been presented in respect of 12 items of accounts worth Rs. 132,409,114.

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 Evidence confirming the account balance shown in the financial statements should be furnished.

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 Agree.

1.3 Non-compliance

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 Non-compliance with Laws, Rules, Regulations and Management Decisions  
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Reference to Laws,  
Rules, Regulations  
and Management  
Decisions

Non-compliance

Recommendati  
on

Comment of the  
Accounting Officer

(a) Pradeshiya Sabha  
(Financial and  
Administration)  
Rules, 1988.

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 Rules 5.11 in  
Chapter One

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 No insurance coverage had been obtained for cash in transits and other valuables owned by the Sabha.

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 Relevant Rules  
should be  
followed.

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 Action will be  
taken to obtain  
insurance coverage.

(b) Financial  
Regulations 1645  
and 1646

Daily Running Charts and monthly summaries have not been prepared since 2015 regarding all vehicles and machinery used.

Action should  
be taken in  
accordance  
with the  
Financial  
Regulations.

Daily Running  
Charts and monthly  
summary reports  
have been prepared  
for 03 vehicles  
from the year 2020.

- (c) Public Administration Circular No. 30/2016 dated 29 December 2016 of the Secretary to the Ministry of Public Administration and Management
- Fuel consumption test for the vehicles belonging to the Sabha had not been carried out.
- Action should be taken in accordance with the relevant circular.
- Fuel consumption tests have been carried out on 07 vehicles. Action will be taken to do the same test for the remaining vehicles this year.

## 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. 688,371 for the year ended 31 December 2019 as compared with the corresponding revenue in excess of the recurrent expenditure amounting to Rs.1,649,539 for the preceding year.

### 2.2 Revenue Administration

#### 2.2.1 Estimated Revenue, Billed Revenue, Collected Revenue, and Outstanding Revenue

Details on the Estimated Revenue, Billed Revenue, Collected Revenue, and Outstanding Revenue presented for the year under review and the preceding year are as follows.

Source of Revenue	2019				2018			
	Estimated Revenue	Billed Revenue	Collected Revenue	Total arrears at at 31 December	Estimated Revenue	Billed Revenue	Collected Revenue	Total arrears at at 31 December
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
(i) Rates and Tax	2,050,000	935,700	935,700	-	925,000	832,985	832,985	-
(ii) Lease Rent	6,161,616	4,526,687	4,722,723	30,100	7,715,924	8,926,673	8,926,673	226,136
(iii) Licence Fees	780,000	684,220	684,220	-	2,290,000	473,020	473,020	-
(iv) Other Income	24,302,084	21,783,500	20,412,460	2,646,649	17,935,943	14,148,149	14,148,149	1,275,609
	33,293,700	27,930,107	26,755,103	2,676,749	28,866,867	24,380,827	24,380,827	1,501,745

## 2.2.2 Rates and Taxes

### Audit Observation

### Recommendation

### Comment of the Accounting Officer

The developed areas in the Sabha area had not been identified and rates had not been imposed according to Section 134 (i) of the Pradeshiya Sabha Act No. 15 of 1987.

Action should be taken to identify the developed areas and collect the rates.

Agree.

## 2.2.3 Court Fines and Stamp Duty

### Audit Observation

### Recommendation

### Comment of the Accounting Officer

The court fines and the stamp duty due from the Chief Secretary of the Provincial Council and other authorities as at 31 December 2019 amounted to Rs. 346,552 and Rs.1,970,687 respectively.

Action should be taken to recover the receivable revenue.

Agree.

## 3. 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 in terms of Section 3 of the Pradeshiya Sabhas Act, are as follows.

#### (a) By-laws

### Audit Observation

### Recommendation

### Comment of the Accounting Officer

Although by-laws should be enacted under Section 126 of the Pradeshiya Sabha Act to fulfil 28 main functions, no by-laws had been enacted with respect to the relevant matters as at 31 December 2019.

Action should be taken to impose by-laws.

Activities are in progress to enact by-laws and implement the Pradeshiya Sabha Act.

(b) Failure to Achieve the Expected Output Level  
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Audit Observation -----	Recommendation -----	Comment of the Accounting Officer -----
Although Rs. 559,738 had been spent for the construction of the Kebithigollewa Water Filter Center building stated in the Action Plan, the expected output level had not been achieved as the water filters had not been installed and utilized.	Action should be taken to install the water filters and use them.	Agree.

3.2 Management Inefficiencies  
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Audit Observation -----	Recommendation -----	Comment of the Accounting Officer -----
(a) The revenue recorded for the two machines which were given on rent basis during the year under review was Rs. 1,014,989. Since those 02 machines had been given on rent for 580.5 meters hours, the recoverable rent had been Rs. 2,197,542.	Action should be taken to recover all the arrears of the Sabha and to collect the arrears related to providing vehicles/machinery on rent basis without delay.	Agree. Arrangements will be made to implement a systematic programme in the future.
(b) Action had not been taken to lease out the two-storey shopping complex with 47 shops at the Kebithigollewa bus stand, which was completed in 2017.	Action should be taken to lease or rent the shopping complex immediately.	Agree.

3.3 Assets Management  
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Idle/Underutilized Assets  
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Audit Observation -----	Recommendation -----	Comment of the Accounting Officer -----
(a) Twelve categories of assets valued at Rs. 3,938,818 remained idle for more than 05 years.	Assets should be utilized effectively.	Agree.

(b)	The dilapidated double cab, the number of which could not be found and belonging to the Sabha, had not been repaired, used or disposed of	Action should be taken to repairs and reuse or dispose of the vehicle.	Agree.
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04. Accountability and Good Governance  
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4.1 Internal Audit  
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Audit Observation  
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Recommendation  
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Comment of the Accounting Officer  
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An Internal Audit Officer who is directly responsible had not been appointed and reports had not been obtained in terms of Paragraph 06 of Circular No. 04/2015 of 18 March 2015 of the Commissioner of Local Government, North Central Province.

Internal audits should be updated and financial and administrative affairs should be streamlined.

Agree.

4.2 Implementation of Audit and Management Committees  
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Audit Observation  
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Recommendation  
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Comment of the Accounting Officer  
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Audit and Management Committees had not been conducted for the year under review as per the Management and Audit Circular No. DMA / 2009 (1) (i) dated 28 January 2016.

Action should be taken in accordance with the circular instructions.

Agree.