

**Giribawa Pradeshiya Sabha  
Kurunegala District**

**1. Financial Statements**

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**1.1 Submission of Financial Statements**

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The financial statements for the year 2019 had been presented to audit on 20 May 2020 and the Summary Report of the Auditor General on those financial statements on 14 July 2020 and Detailed Management Audit Report on 17 July 2020 have been sent to the Chairman.

**1.2 Qualified Opinion**

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In my opinion except for the impact of the facts described in the section of the basis for the qualified opinion of this report the financial statements give a true and fair view of the financial position of the Giribawa 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 Qualified Opinion**

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<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
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<b>(a)</b> Thirty plots of public land including Sabha Office land and the value of 48 lands as indicated 14 cemeteries had not been assessed and brought to accounts.	The value should be assessed and accounted for.	The shortcoming pointed out by the audit is accepted.
<b>(b)</b> Staff loans amounted to Rs.580,520 receivable from 05 officers had been omitted from the financial statements as at 31 December of the year under review.	Actions should be taken to account for the accurate value.	The shortcoming pointed out by the audit is accepted.

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| (c) | Provisions for the audit fees relevant for the year under review had not been made.   | Action should be taken to account for.   | The shortcoming pointed out by the audit is accepted.                       |
| (d) | The salary reimbursement received in December 2019 amounting to Rs. 2,366,148 from the Department of Local Government had not been brought to accounts.   | It should be accounted for.  | The shortcoming pointed out by the audit is accepted.                       |
| (e) | An unexplained account transfer balance amounted to Rs.305,764 had been shown under current assets in the statement of financial position as at 31 December of the year under review.                 | Actions should be taken to correct.  | The shortcoming pointed out by the audit is accepted.                       |
| (f) | There was a difference of Rs.5,764,313 in between the balances as per the financial statements and the relevant document / schedule balances related to 16 items at the end of the year under review. | Actions should be taken to correct the accounts by comparing the changes in the relevant balances.     | This will be corrected in the preparation of the financial statements 2020. |
| (g) | Due to non-submission of required information, 06 account items totalling to Rs.12,478,366 could not be satisfactorily verified during the audit.   | The evidences confirming the account balances showing in the financial statements should be submitted. | Accurate documents will be submitted in future.                             |

## 02. Financial Review

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### 2.1 Financial Results

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The income over the recurrent expenditure of the Sabha for the year ended 31 December 2019 was Rs. 2,168,824 and the corresponding income over the recurrent expenditure of the preceding year was Rs. 326,824 as per the financial statements presented.

### 2.2 Revenue Administration

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#### 2.2.1 Estimated Income, Actual Income and Arrears Income

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The information on estimated income, billed income, collected income and arrears income submitted pertaining to the year under review and the preceding year are shown below

Source of Income	<u>Year 2019</u>				<u>Year 2018</u>			Total Arrears as at 31 December
	Estimated Income	Billed Income	Collected Income	Total Arrears as at 31 December	Estimated Income	Billed Income	Collected Income	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
I. Rates and Taxes -10	515,000	589,800	589,800	-	415,000	457,260	457,260	-
II. Lease Rent -20	3,248,000	3,066,360	3,106,510	151,316	2,710,400	3,049,865	3,049,865	220,603
IV. License fees -30	420,000	408,275	408,275	-	415,000	397,150	397,150	-
V. Other Income -40,50,60,70	39,041,322	4,014,435	8,138,460	234,560	37,390,004	33,306,111	7,244,780	4,358,586
<b>Total</b>	<b>43,224,322</b>	<b>8,078,870</b>	<b>12,243,045</b>	<b>385,876</b>	<b>40,930,404</b>	<b>37,210,386</b>	<b>11,149,055</b>	<b>4,579,189</b>

**Note -** Out of the revenue collected during the year 2019, a sum of Rs. 3,970,617 was arrears revenue of previous years.

## 2.2.2 Rates and Taxes

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<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
----- Actions had not been taken to charge rates based on the annual value of any real estate or type of property located within a developed area.	----- Actions should be taken to identify developed urban areas and designate them as assessment zones.	----- The shortcomings pointed out by the audit are accepted. It is intended to take actions to work on the establishment of assessment zones in future.

## 2.2.3 Lease Rents

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<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
----- The assessed rent amounted to Rs.1,650 for five shops in Parakumpura had been re-assessed at Rs.1,250 following the protest of the shop owners. Nevertheless, although one shop was rented out to another person for a monthly rent of Rs. 4,000 during the physical inspection conducted on 19 March 2019 the Sabha had been impossible to increase the rent.	----- It should act in accordance with the agreement against breaching of contract terms.	----- The shortcomings pointed out by the audit are accepted.

## 03. Operating Review

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### 3.1 Performance

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The matters revealed in respect of executing of functions that should have been performed by the Sabha such as regulation, control, wellbeing of the public, facility and welfare regarding the matters public health, public utility services and public roads under Section 3 of the Pradeshiya Sabha Act are as follows.

**(a) Failure to Perform Budgeted Industries**

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
Fourteen industries which had been budgeted for the year under review, amounting to Rs.16,700,000, had not been completed.	Actions should be taken to perform budgeted industries.	The shortcomings pointed out by the audit are accepted.

**(b) Failure to Funds Made Available**

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
A sum of Rs. 363,647 had been spent on 09 industries which had not been budgeted for the year under review.	Actions should be taken in accordance with the provisions of the Act.	The shortcomings pointed out by the audit are accepted.

**(c) Solid Waste Management**

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
Even though a sum of Rs.500,000 had been spent in the years 2015 and 2016 for the development of the 05 acres of land allotted by the government for solid waste management in 2015, solid waste management had not been carried out and the residents of the area had not drawn attention to the method of disposal of non-perishable waste.	Arrangements should be made to activate solid waste management.	The shortcomings pointed out by the audit are accepted. Actions will be taken to set up a building in the year 2020 to store non-perishable waste and collect non-perishable waste in the future.

### 3.2 Management Inefficiencies

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	<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
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<b>(a)</b>	Actions had not been taken even by 10 July 2020 to recover the arrears of Rs. 604,111 in between 01 to 03 years and Rs.101,500 more than 03 years out of the balances receivable as at 31 December 2019 .	Actions should be taken to recover the balances receivable.	The shortcomings pointed out by the audit are accepted.
<b>(b)</b>	Out of the balances payable as at 31 December 2019, a sum of Rs.788,282 in between 01-03 years had not been settled even by 10 July 2020.	Actions should be taken to settle the balance.	The shortcomings pointed out by the audit are accepted.

### 3.3 Human Resource Management

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#### Employee vacancies and Excesses

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	<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
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	There were 15 vacancies in tertiary, secondary, primary and casual / contract services.	Actions should be taken to fill the essential vacancies.	The shortcomings pointed out by the audit are accepted.

### 3.4 Asset Management

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#### 3.4.1 Assets not Acquired

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<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
----- Arrangements had not been made to take over the double cab amounted to Rs. 1,200,000, Twenty five cemeteries and 12 lands.	----- Necessary arrangements should be made to take over.	----- The shortcomings pointed out by the audit are accepted.

#### 3.4.2 Idle and Underutilized Assets

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<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
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(a) Although the Constructions made amounting to Rs. 590,401 relevant to the Interlock Project and two stone masonry machines valued at Rs. 260,000 had been idle since 2015, two more interlock machines had been received from Bingiriya Pradeshiya Sabha as donations in the month of August 2019.	Steps should be taken to actively maintain the Interlock Project	The shortcomings pointed out by the audit are accepted.
(b) The Garbage Taylor belonging to the Sabha had remained in idle.	Action should be taken to activate garbage collection activities.	The shortcomings pointed out by the audit are accepted.
(c) The tractor valued at Rs. 608,000 and the iron water bowser valued at Rs. 336,300 were in idle for more than five years.	Arrangements should be made to repair or remove on the advice of a mechanical engineer.	The shortcomings pointed out by the audit are accepted. Actions will be taken as per the mechanical engineer's instructions in future.