

Kobeigane Pradeshiya Sabha

Kurunegala District

1. Financial Statements

1.1 Presentation of Financial Statements

Financial Statements for the year 2018 had been submitted to Audit on 28 February 2019 and the Summary Report and the Detailed Management Audit Report of the Auditor General relating to those Financial Statements have been sent to the Chairman on 31 May 2019 and 26 June 2019 respectively.

1.2 Qualified Opinion

In my opinion, except for the effect of the matters described in the basis for qualified opinion of this report, financial statements give a true and fair view of the financial position of the Kobeigane Pradeshiya Sabha as at 31 December 2018 and its financial performance for the year then ended in accordance with Generally Accepted Accounting Principles.

1.3 Basis for Qualified Opinion

Audit Observation	Recommendation	Comments of the Accounting Officer
(a) The value of work done of 03 constructions amounting to Rs. 953,508 had not been brought to account.	These values should be brought to account.	These values of construction had not been brought to account by a delay and in the preparation of financial statements as at 31.12.2019, action is taken to account them by a journal entry.
(b) There were un-reconciliations amounting to Rs. 378,210 between the financial statements and subsidiary documents relating to 05 items of accounts.	Action should be taken to correct accounts by reconciling differences.	Action is taken to correct them according to instructions given by the Commissioner of Local Government and the Audit.
(c) Schedules on fixing of wooden furniture valued at Rs. 3,881,071 had not been made available to Audit.	Action should be taken to prepare schedules.	Values of annual purchases had been brought to account from the inception in the preparation of the account. However, a schedule could not be correctly prepared due to failure in indicating the values in inventories.

1.4 Non-compliances

Non-compliances with Laws, Rules, Regulations and Management Decisions

Reference to Laws, Rules, Regulations and Management Decisions	Non-compliance	Recommendation	Comments of the Accounting Officer
----- Pradeshya Sabha (Financial and Administrative) Rules of 1988 Rule 19	----- Even though it should be taken into consideration the safety and proper usage of counterfoil books, those books which were provided to officers, had been issued again and again without taking over again.	----- Counterfoil books issued should not be issued again without taking over.	----- Action will be taken in future according to instructions given in the audit report.

02. Financial Review

2.1 Financial Results

According to the financial statements presented, excess of revenue over recurrent expenditure of the Sabha for the year ended 31 December 2018 had been Rs. 6,813,092 as compared with the corresponding excess of revenue over recurrent expenditure for the preceding year amounting to Rs. 9,270,532.

2.2 Revenue Administration

2.2.1 Estimated Revenue, Billed Revenue, Collected Revenue and Arrears of Revenue

Information on the estimated revenue, billed revenue, collected revenue and the arrears of revenue presented relating to the year under review and the preceding year, is given below.

Source of Revenue	2018				2017			
	Estimated Revenue	Billed Revenue	Collected Revenue	Total Arrears as at 31 December	Estimated Revenue	Billed Revenue	Collected Revenue	Total Arrears as at 31 December
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
I. Rates and Taxes	1,320,385	1,621,278	1,546,870	359,540	805,000	1,110,000	1,063,000	263,000
II. Lease Rents	3,535,295	3,870,278	3,841,602	30,682	3,245,000	3,572,000	3,577,000	8,000
III. Licenses Fees	1,029,100	1,191,874	1,191,874	-	1,026,000	1,046,000	1,046,000	-
IV. Other Revenue	46,534,400	45,544,898	76,313,174	14,105,121	42,530,000	50,419,000	44,625,000	25,888,000
Total	52,419,180	52,228,328	82,893,520	14,495,343	47,606,000	56,147,000	50,311,000	26,159,000

2.2.2 Rent

Audit Observation	Recommendation	Comments of the Accounting Officer
Rents for 03 pavement stalls owned by the Sabha had been recovered at a rate of Rs.30 per day from the year 2008 to the year 2018 and action had not been taken to recover charges by assessing stall rents.	Action should be taken to recover rents by assessing rentals according to agreements.	Action will be taken to assess rentals in future.

2.2.3 Court Fines and Stamp Fees

Audit Observation	Recommendation	Comments of the Accounting Officer
Court fines and stamp fees receivable as at 31 December 2018 had been Rs. 2,200,000 and Rs. 10,000,000 respectively.	Action should be taken to implement budgeted projects by obtaining court fines and stamp fees.	Accurate.

03. Operating Review

3.1 Performance

In terms of Section 3 of the Pradeshiya Sabha Act, the matters revealed in respect of the performance of functions of the Sabha such as 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 within the area, are as follows.

(a) By-Laws

Audit Observation	Recommendation	Comments of the Accounting Officer
Even though by-laws should have been imposed for performing 30 main purposes under Section 126 of the Pradeshiya Sabha Act, in addition to the Passed By-Law, two by-laws imposed by the Minister In Charge of the Local Government, had been approved by the Sabha by 31 December 2018.	Action should be taken according to by-laws approved/imposed by the Sabha and moreover, action should be taken to impose new by-laws whenever necessary.	It is accepted.

(b) Environmental Issues

Audit Observation	Recommendation	Comments of the Accounting Officer
Environmental licenses had not been obtained for 02 saw-mills, 31 paddy-mills, 11 institutions by which cement/clay goods are produced, 29 businesses with coir products and chipping of coconut husks and 21 carpenter sheds by which business taxes had been paid for the year 2018.	Action should be taken to recover charges by renewing environmental licenses.	Environmental licenses had not been obtained as the period for renewing environmental licenses, is not expired.

(c) Sustainable Development Goals

Audit Observation	Recommendation	Comments of the Accounting Officer
Even though the Sabha was aware of the 2030 Agenda on Sustainable Development Goals, attention had not	In the preparation of the annual budget,	It is accepted.

been paid thereon in the preparation of the budget of the year under review. However, programmes had been implemented so as to reveal the matters in the Agenda.

programmes should be implemented according to the 2030 Agenda.

3.2 Management Inefficiencies

----- Audit Observation -----	----- Recommendation -----	----- Comments of the Accounting Officer -----
Seven telephone transmission towers had been established in the area of authority of the Sabha and there were no confirmations for the recovery of charges recoverable in the establishment of these towers, in documents of the Sabha and conformity certificates relating to the said towers had not been issued.	Action should be taken to recover charges in terms of the Gazette Extraordinary No.392/9 of 10 March 1986 and amendments thereto.	Only granting the approval for building applications for telephone transmission towers, has been carried out up to now. Information on these 07 telephone transmission towers included in files older than 10 years and as such, it is informed that it is difficult to find out those files to furnish a correct reply. The relevant companies have been informed to take action to obtain conformity certificates for telephone transmission towers erected by now.

3.3 Human Resources Management

(a) Excess Cadre

----- Audit Observation -----	----- Recommendation -----	----- Comments of the Accounting Officer -----
Seven employees had been recruited on casual/substitute/contract and on daily paid allowances exceeding the approved cadre relating to primary level services as at 31 December of the year under review.	Action should be taken to revise the cadre	It is informed that a considerable service is rendered by these 07 employees recruited on casual, substitute, contract and on daily allowances, in carrying out daily duties.

3.4 Assets Management

3.4.1 Assets not vested

Audit Observation	Recommendation	Comments of the Accounting Officer
Action had not been taken to vest the land of 06 acres in extent, in the Sabha, on which the office of the Sabha, library, playground and the solid waste management centre are located.	Vesting activities should be carried out efficiently.	Action is being taken to vest the said land. The relevant particulars has been referred to the Land Reforms Commission and the Valuation Department.

3.4.2 Idle and Underutilized Assets

Audit Observation	Recommendation	Comments of the Accounting Officer
A cab vehicle had remained idle over a period of 03 years, removed from being used without carrying out repairs due to failure in transferring the said vehicle in the name of the Sabha.	The said cab vehicle should be repaired and made use of.	Action has been taken to repair this vehicle again.

3.5 Procurement

3.5.1 Procurement Plan

Audit Observation	Recommendation	Comments of the Accounting Officer
A Procurement Plan had not been prepared for the year under review.	A Procurement Plan should be prepared.	A Procurement Plan has been prepared for the year 2019.