

**Rabewa Predeshiya 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 2018 had been presented to the Audit 05 April 2019 and the summary report of the Auditor General relating to those financial statements had been submitted to the Chairman on 12 June 2019 and the detailed management audit report had been submitted on 09 July 2019.

**1.2 Qualified Opinion**  
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In my opinion, except for the effects of the matters described in the basis for Qualified Opinion section of this report, the accompanying financial statements give a true and fair view of the financial position of the Rabewa 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 the Qualified Opinion**  
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**(a) Accounting Policy**  
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Audit Observation  
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The financial statements did not disclose the accounting policies adopted by the Sabha in preparing the financial statements.

Recommendation  
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Accounting policies  
Should be disclosed in  
the financial  
statements.

Comments of the Accounting  
Officer  
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Not submitted.

**(b) Accounting Deficiencies**  
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Audit Observation  
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(i) The old library building valued at Rs 517,000 had been demolished during the year under review, whereas the value thereof had not been eliminated from the financial statements.

Recommendation  
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Accounts need to be  
adjusted.

Comments of the Accounting  
Officer  
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Not submitted.

(ii)	Audit fees of Rs. 123,040 payable in respect of the year 2017 were not accounted for.	Adjustments should be made as accrued expenses.	Not submitted.
(iii)	Payable pensions of Rs.843,637 had not been accounted for.	Adjustments should be made as accrued expenses.	Not submitted.
(iv)	The rental income of Rs. 301,000 to be recovered from a beef stall had not been accounted for.	Receivable income should be recognized and accounted for.	Not submitted.
(v)	Value of 02 lands amounting to Rs.150,000 and included in the Register of Fixed Assets and the value of 03 lands that had not been assessed was not accounted for.	The fixed asset register and ledger accounts need to be updated and accounted for The assets value of which cannot be identified should be valued and accounted for.	Not submitted.

(d) Unreconciled Accounts

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Audit Observation

Recommendation

Comments of the Accounting Officer

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According to the Employee Loan Register, the outstanding balance of the loan was Rs. 1,843,171 as at the end of the year under review, whereas it had been stated as Rs.1,555,133 in the financial statements.

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Action should be taken to compare and correct the relevant differences.

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Not submitted.

(d) Accounta Receivable and Payable

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Audit Observation

Recommendation

Comments of the Accounting Officer

(i) Five items of accounts receivable of Rs.1,407,014 continued to exist over a number of years had not been recovered.

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Action should be taken to recover the balance due

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Not submitted.

(ii) Ten items of accounts payable of Rs. 1,948,507 continued to exist over a number of years had not been recovered. Action should be taken to settle the payable balances. Not submitted.

(e) Lack of necessary documentary evidence for audit

Audit Observation	Recommendation	Comments of the Accounting Officer
As the title certificates, valuation reports, Board of Survey Reports and balance confirmation letters, investment certificates and stock registers relating to 5 items of accounts worth Rs. 63,682,510 were not submitted, it was not possible to verify satisfactorily them in the audit	Written evidence to confirm the value set out in the financial statements needs to be provided.	Not submitted.

1.4 Non-compliance

Non-compliance with laws, rules, regulations and management decisions

Reference to laws, rules, regulations and management decisions	Non-compliance	Recommendation	Comments of the Accounting Officer
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(a) Pradeshiya Sabhas (Finance & Administration) Rules, 1988

(i) Rule 33 A list on the defaulters of the assessment tax and the warrant on the prohibition of properties had not been prepared at the end of each quarter. Action should be taken in accordance with the Rule. Not submitted.

(ii)	Rules 217 and 218	A register on lands and buildings owned by the Sabha had not been maintained and all the lands and buildings had not been inspected once every year.	Action should be taken in accordance with the Rule.	Not submitted
(b) Public Administration Circulars -----				
(i)	Circular No. 30/2016 dated 29th December 2016	Fuel combustion tests had not been carried out on 131 running vehicles.	Action should be taken in accordance with Circulr.	Not submitted
(ii)	Circular No. 09/2009 dated 16 April 2009	Even though a finger scanner had been purchased at a cost of Rs. 27,300, it had not been used for recording arrival and departure.	Action should be taken in accordance with Circulr.	Not submitted

## 2. Financial Review

### 2.1 Financial Results

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According to the financial statements presented, the recurrent expenditure of the Sabha in excess of the revenue amounted to Rs. 1,637,638 for the year ended 31 December 2018 as against the revenue in excess of the recurrent expenditure amounting to Rs. 1,761,489. for the preceding year.

### 2.2 Revenue Administration

#### 2.2.1 Estimated Revenue, Billed Revenue, Collected Revenue, and Revenue in Arrears

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Information on the estimated revenue, billed revenue, collected revenue, and revenue in arrears, 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.	
Rates and Taxes	1,546,000	1,394,480	1,093,965	943,643	736,000	1,294,050	365,812	643,128	
Rents	7,092,700	5,101,135	4,801,135	2,157,526	4,744,070	4,025,746	3,040,501	1,857,526	
Licence Fees	536,550	826,475	826,475	-	230,000	689,605	689,605	-	
Other Revenue	5,139,100	3,560,232	1,951,429	3,142,079	660,000	4,721,283	-	1,533,276	
<b>Total</b>	<b>14,314,350</b>	<b>10,882,322</b>	<b>8,673,004</b>	<b>6,243,248</b>	<b>6,370,070</b>	<b>10,730,684</b>	<b>4,095,918</b>	<b>4,033,930</b>	

## 2.2.2 Performance in Revenue Collection

### Audit Observation

Out of the total outstanding revenue at the beginning of the year under review amounting to Rs. 4,033,930, a sum of Rs. 585,412 or 14.5 per cent only had been recovered during the year under review.

### Recommendation

Action should be taken to recover the outstanding revenue

### Comments of the Accounting Officer

Not submitted.

## 2.2.3 Court Fines and Stamp Duty

### Audit Observation

Court fines of Rs. 1,461,579 and stamp duty of Rs. 1,680,500 were due as of 31 December of the year under review.

### Recommendation

Action should be taken to recover the court fines and stamp duty.

### Comments of the Accounting Officer

Not submitted.

## 03. 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 to be performed by the Sabha in terms of Section 3 of the Pradeshiya Sabha Act, are as follows.

## (a). Abandoned Tasks

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Audit Observation

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Although the project for the renovation of the old library building of the Rambewa Pradeshiya Sabha was agreed with the contractor at a cost of Rs. 5,523,440, the project had been abandoned after completion of works valued at Rs. 2,978,302.

## Recommendation

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Action should be taken regarding the parties who are responsible for making payments citing that the works were completed although the works were yet to be completed.

## Comments of the Accounting Officer

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Not submitted.

## (b) Sustainable Development

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Audit Observation

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The Sabha was unaware of the 2030 Agenda on the United Nations Sustainable Development Goals.

## Recommendation

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These goals and objectives should be identified and implemented.

## Comments of the Accounting Officer

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Not submitted

## 3.2 Management Inefficiencies

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Audit Observation

- (a) No action had been taken against the parties responsible for the payment of salary of Rs. 7,602,604 for 14 employees recruited in contravention of Public Administration Circular 29/2014 from 24 October 2014 to May 2016.

## Recommendation

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A formal investigation should be conducted and action should be taken to recover the money from the concerned parties.

## Comments of the Accounting Officer

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Not submitted.

- (b) For 12 vehicles owned by the Sabha, revenue licenses had not been obtained for many years.

Action should be taken to obtain revenue license on due date.

Not submitted.

- (c) Seven vehicles owned by the council had not been insured.

Action should be taken to obtain insurance certificate.

Not submitted.

### 3.3 Human Resource Management

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Audit Observation	Recommendation	Comments of the Accounting Officer
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There were 21 vacancies for 10 posts in the Sabha	Action should be taken in collaboration with the Local Government Departments to fill the vacancies.	Not submitted.

### 3.4 Operating Inefficiencies

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Audit Observation	Recommendation	Comments of the Accounting Officer
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Only 5 out of 21 stalls belonging to the Sabha had been assessed and the remaining 16 stalls had been provided without valuation.	New agreement should be signed by assessing the stalls.	Not submitted.

### 3.5 Assets Management

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#### 3.5.1 Assets that have not been transferred

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Audit Observation	Recommendation	Comments of the Accounting Officer
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Ten lands and 45 cemeteries and 11 vehicles worth Rs. 83,167,973 had not been taken over in favour of the Sabha.	Action should be taken to transfer the ownership of assets belonging to the Sabha.	Not submitted.

## 3.5.2 Idle / Underutilized Assets

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## Audit Observation

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Since 04 unites of assets worth Rs. 6,866,402 belonging to the Sabha had not been used, those remained idle.

## Recommendation

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Action should be taken to repair the assets that are repairable and to dispose of the rest.

## Comments of the Accounting Officer

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Not submitted.

## 3.6 Procurement

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## Procurement Plan

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## Audit Observation

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A procurement Plan had not been prepared.

## Recommendation

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A procurement Plan should be prepared.

## Comments of the Accounting Officer

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Not submitted.

## 4. Accountability and Good Governance

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## Implementation of Audit and Management Committees

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## Audit Observation

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Audit Management Committees were not held for the year under review in terms of Management and Audit Circular No. DMA / 2009 (1) (i) dated 28 January 2016.

## Recommendation

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Audit and Management committees should be held.

## Comments of the Accounting Officer

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Not submitted.