

**Rideegama Pradeshiya Sabha
Kurunegala District**

01. Financial Statement

1.1 Submission of Financial Statements

The financial statements for the year 2019 had been presented for audit on 11 March 2020 and the Summary Report of the Auditor General on those financial statements on 30 June 2020 and Detailed Management Audit Report on 30 July 2020 have been sent to the Chairman.

1.2 Qualified Opinion

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 Rideegama 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

	Audit Observation	Recommendation	Comments of the Accounting Officer
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(a)	The water purifiers purchased during the year under review amounted to Rs.40,000 had not been accounted for.	Actions should be taken to account for the Assets accurately.	The observations made by the audit is accepted and actions will be taken to account for it in the next year.
(b)	The value of 12 stock items purchased during the year under review amounting to Rs.61,995 had not been accounted for.	Actions should be taken to account for the stocks.	Actions will be taken to account for the equipment valued at Rs. 61,995 in the next year.

- (c) A sum of Rs. 1,761,436 spent on the development of 05 property plants during the year under review had not been accounted for. Actions should be taken to capitalize the capital expenditures. The observations made in the audit are accepted and actions will be taken to account for it in the next year.

2. Financial Review

2.1 Financial Results

The income over the recurrent expenditure of the Sabha for the year ended 31 December 2019 was Rs. 13,323,623 and the corresponding income over the recurrent expenditure of the preceding year was Rs. 21,066,405 as per the financial statements presented.

2.2 Revenue Administration

2.2.1 Estimated Income, Billed Income, Actual Income and Arrears Income

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

Source of Income	<u>Year 2019</u>				<u>Year 2018</u>			
	Estimated Income Rs. 000	Billed Income Rs. 000	Revenue Collected Rs. 000	Total arrears as at 31 December Rs. 000	Estimated income Rs. 000	Billed Income Rs.000	Revenue Collected Rs. 000	Total arrears as at 31 December Rs. 000
Rates and Taxes	4,609	4,729	5,126	2,243	4,224	4,734	4,615	2,639
Lease Rent	9,880	6,939	6,981	286	8,030	13,445	13,670	328
License Fee	1,658	1,063	1,102	8	1,933	1,207	35,956	47
Other Income	27,956	82,459	80,566	24,990	27,350	75,406	55,472	23,852
Total	44,103	95,190	93,775	27,527	41,537	94,792	109,713	26,866

2.2.2 Rates and Taxes

Audit Observation	Recommendation	Comments of the Accounting Officer
There was an arrears of rates amounted to Rs. 2,004,304 receivable from 09 Rates Divisions of the Head Office and 02 Sub Offices as at 31 December of the year under review.	Actions should be taken to recover in accordance with the provisions and rules of the Act.	It is kindly informed to the audit that, 07 Property Prohibition Programs and 04 Mobile Revenue Collection Programs were implemented to collect revenue in accordance with the provisions of the Pradeshiya Sabha Act and Rules during the year 2019.

2.2.3 Lease Rent

Audit Observation	Recommendation	Comments of the Accounting Officer
Even though there was a arrears rent amounted to Rs.328,259, at the beginning of the year, only a Rs. 44,630 had been recovered during the year.	Actions should be taken to recover the arrears of rent.	It is kindly informed that the actions are being taken for the recovery of the arrears.

3. Operational Review

3.1 Performance

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) Provisions Not Made Available

Audit Observation	Recommendation	Comments of the Accounting Officer
----- Twenty-six projects valued at Rs.5,366,402 but not budgeted for the year under review had not been accomplished during the year due to lack of provision.	----- The relevant proposals should be implemented by having approvals for Supplementary Estimates in accordance with Rule 14 .	----- It is kindly reported to the audit that those projects were the amendments made to budget proposals and the projects that were carried out on public request.

(b) Failure to Perform Budgeted Industries

Audit Observation	Recommendation	Comments of the Accounting Officer
----- Eleven budgeted industries with a value of Rs. 2,530,000 for the year under review had not been completed.	----- Actions should be taken to implement the budget proposals as scheduled.	----- It is informed that these industry proposals have been amended at the request of the Members in charge of the relevant divisions and the industries have been carried out as per other proposals instead of that.

(c) Solid Waste Management

Audit Observation	Recommendation	Comments of the Accounting Officer
----- (i) Capital expenditure amounted to Rs.312,000 and Recurrent expenditure of Rs.9,723,058 had been incurred on solid waste management activities during the year under review. About 65.2 tons of non-perishable garbage had been dumped to the private land which had been leased for burying garbage.	----- Arrangements should be made to carry out the solid waste management in a systematic manner.	----- Since the Sabha does not have a suitable land for final disposal of garbage, it is kindly informed that a sum of Rs.156,191 had been spent to obtain suitable land with least affects to the public distress and environmental damage.

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| <p>(ii) A weigh of Rs. 30,925 kg of organic manure had been produced using 214.9 tons of biodegradable waste. Of that, the amount of organic fertilizer sold during the year was 2,105 kg.</p> | <p>Actions should be taken to pack the products and increase the sales during the year.</p> | <p>The audit has showed that the stock of non-sieved production during the year and out of this 2105 kg of packed fertilizer had been sold. The public and private organizations in the area are being made aware to promote marketing.</p> |
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3.2 Management Inefficiencies

Audit Observation	Recommendation	Comments of the Accounting Officer
<p>(a) Although the prescribed fees should be charged for providing the Council Stadium for musical performances and festivals for the year 2019, actions had been taken to provide the Dodamgaslanda Public Stadium for the Silver Mela Music Festival on the 05 March 2019 without charging Rs. 61,426 according to the Gazette Notification of the Democratic Socialist Republic of Sri Lanka No. 2098 dated 16 November 2018.</p>	<p>Arrangements should be made to charge a fee in accordance with the Gazette Notification when providing the Stadium for paid activities.</p>	<p>The reason for providing the Dodamgaslanda Public Stadium free of charge for the Silver Mela Music Carnival held on 27, 28, 29, 30 and 31 March 2019 was the Dodamgaslanda Shakthi Three Wheelers Association which organized the Carnival has done a lot for the social and spiritual development of the people .</p>
<p>(b) There was a balance of Rs.3,934,130 in accounts receivable for a period of one year and more than that as at 31 December 2019. Of that, there was a sum of Rs. 3,543,241 furthermore to be recovered by 30 May 2020.</p>	<p>Actions should be taken to recover the balances receivable furthermore.</p>	<p>It is kindly reported to the audit that actions will be taken to implement the mobile programmes for the collection of arrears income and 03 cases are being heard in the courts to collect lease rent .</p>

- (c) There was a balance of Rs.14,167,033 in accounts payable for a period of one year and more than that as at 31 December 2019. There was a sum of Rs.27,010,654 furthermore to be settled by 30 May 2020 out of the balance remained as at the end of the year under review.
- Actions should be taken to settle the balances payable furthermore.
- It has reduced to Rs.27,010,654 by 30 May 2020 .

3.3 Human Resource Management

Employee Vacancies and Excesses

Audit Observation	Recommendation	Comments of the Accounting Officer
There were 16 vacancies in the secondary and primary sectors, 03 excesses in the secondary sector and 05 vacancies on contract basis.	Action should be taken to fill the essential vacancies and to regularize the excess.	The number of approved Development Officers were 07 and the number of Development Officers attached by the Local Government Department is 20. Since that assigned number of employees were also included in the actual staff, that number had become 108. Similarly, the number of employees is mentioned as 113 with the 05 employees recruited on contract basis.

3.4 Assets Management

3.4.1 Non-acquired Assets

Audit Observation	Recommendation	Comments of the Accounting Officer
There were 11 assets valued at Rs. 12,420,000 which were accounted for and partaken though non-acquired by the Sabha at the end of the year under review.	Actions should be taken to settle the partaken assets and take them over to the Sabha.	It is kindly informed to audit that the relevant activities will be carried out to conduct Board of Surveys in lands and to obtain deeds for those lands in future.

3.5 Identified Losses

Audit Observation

Actions had not been taken in respect of 398 books which had misplaced in 03 libraries owned by the Sabha valued at Rs.50,724 as per the Board of Survey Reports as at 31 December of the year under review.

Recommendation

Necessary actions should be taken.

Comments of the Accounting Officer

Actions are being taken to recover the relevant value for 398 misplaced books as per the Board Survey conducted at Hewawissa, Rambadagalla and Dodamgaslanda Public Libraries on 31 December 2019 .