

Bope Poddala Pradeshiya Sabha
Galle district

1. Financial Statements

1.1 Presentation of Financial Statements

The Financial Statements for the year 2019 had been presented for audit on 04 March 2020 and the report of the Auditor General sent on 11 June 2020 and the Detailed Management reports sent on 29 June 2020 to the Chairman of the Council.

1.2 Qualified Opinion

In my opinion, except for the effect of matters described in the, basis for qualified opinion under the Section of my report the financial statements give a true and fair view of the financial position of the Bope Poddala 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

1.3.1 Accounting Deficiencies

Audit Observations	Recommendations	Comments of the Accounting Officer
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(a) Credit Provision were not made for the Local Government Pension Fund amounting to Rs.3,126,348 to be paid as at 31 December of the year under review.	Credit Provision should be made.	Action will be taken to correct during the preparation of accounts of the year 2020.
(b) Values of 10 items in the Electronic equipment stock had not been accounted as at 31 December of the year under review.	The electronic equipment stock should be correctly accounted.	Action will be taken to correct during the preparation of accounts of the year 2020.
(c) Reconciliations for accounts had not been made relevant to previous received Assessment amounting to Rs.106,676 and Shop Rent amounting to Rs.650 done for the year under review.	Correct balances should be accounted.	Action will be taken to correct during the preparation of accounts of the year 2020.

1.3.2 Unreconciled Accounts

Audit Observations	Recommendations	Comments of the Accounting Officer
(a) There was a difference amounting to Rs.7,153,999 between the Balances of the Financial Statement and utility registers of 07 Accounting items as at 31 December of the year under review.	Action should be taken to correct the accounts after reconcile the balances.	Action will be taken to correct in the future since the differences were seen since a long time.
(b) There was a difference of Rs.79,058 between the balance of Current Assets account and Capital Contribution by Income accounts as at 31 December of the year under review.	Correct balances should be accounted.	Action will be taken to correct during the preparation of accounts of the year 2020.

1.3.3 Suspense Account

Audit Observations	Recommendations	Comments of the Accounting Officer
Action had not been taken to do relevant reconciliation and settle the debit balance of the suspense account amounting to Rs.761,993 due from 2013.	Action should be taken to correct the balance of the account.	Action will be taken to rectify in future.

1.3.4 Receivable Accounts

Audit Observations	Recommendations	Comments of the Accounting Officer
(a) Relevant action had not been taken even on the year under review to collect an amount of Rs.3,541,440 due from a time period of 07 to 11 years.	Action should be taken to recover the balance of the receivable account.	Action will be taken to correct in future.
(b) The permit fees to be received from Cattle Butcheries in Maha Haputhala and Welipitimodara amounted to Rs.1,031,303.	Action should be taken to recover the balance of the receivable account.	Action will be taken to rectify in the future.

1.4 Non compliance

 Non-compliance with Laws, Rules, Regulations and Management Decisions.

References to the Laws, Rules, Regulations and Management decisions	Non-compliance	Recommendation	Comments of the Accounting Officer
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(a) Parliament Acts			

Paragraph 182 of the 1987 Pradeshiya sabha Act No.15	Receivable Street lamp donation amounting to Rs.858,816 had been write off without the permission of the relevant Minister in charge in the year under review.	Account reconciliation should be done after obtaining the required permission.	Action will be taken to obtain permission.
(b) 1988 Pradeshiya Saba (Financial and Administrative) Rules			

(i) Rule 33	A list of persons who had neglected to pay the Assessment Tax and a list of prohibition of property warrants had not been prepared.	Action should be taken according to the rules.	Action will be taken as accordingly in the future
(ii) Rule 59	A list had not been prepared for industries within the area of authority of the council after conducting a survey.	Action should be taken according to the rules.	Action will be taken as accordingly in future
(iii) Rule 69	A report of the tax on Land sale had not been maintained according to the P.S.26.D format.	Action should be taken according to the rules.	Action will be taken as accordingly in future

(iii) Rule 218

An annual survey had not been conducted on Land and Buildings belonging to the Council.

Action should be taken according to the rules.

Action will be taken as accordingly in future

(c) Paragraph 05 of the Circular No. ෫෪෪/෪෪෧෧/2010/01 of the Commissioner of Local Government of Southern Province dated 27 December 2010.

Agreements for 06 Shop rooms of the Labuduwa Shopping complex had not been updated after the year 2013.

Action should be taken according to the rules.

Action will be taken as accordingly in future

2. Financial Review

2.1 Financial Results

According to the Financial Statements presented, the Revenue over Recurrent expenditure of the Council for the year ended 31 December 2019 amounted to Rs.40,239,972 as compared with the corresponding Revenue over Recurrent Expenditure for the preceding year amounted to Rs.36,291,212.

2.2 Revenue Administration

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

The details of the Estimated Income, Billed Income, Collected Income and Arrears of income for the year under review and the preceding year are shown below.

Source of Income	2019				2018			
	Estimated Income	Billed Income	Collected Income	Total arrears of income at 31 December	Estimated Income	Billed Income	Collected Income	Total arrears of income at 31 December
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Rates and tax	17,527,000	17,885,826	10,938,119	48,922,922	13,969,000	13,678,198	10,659,166	41,858,398
Rent	4,364,000	5,101,470	4,601,170	3,386,564	4,987,000	5,099,370	4,936,452	2,890,264
Permit fees	511,650	1,235,323	920,363	339,185	335,100	537,888	519,950	24,225
Other income (fees)	7,767,000	8,654,861	8,636,601	75,905	7,282,000	6,838,194	6,821,475	63,305
Total	30,169,650	32,877,480	25,096,253	52,724,576	26,573,100	26,153,650	22,937,043	44,836,192

2.2.2 Assessment and Tax

Assessment

Audit Observations

Recommendations

Comments of the
Accounting Officer

395 Assessment units with arrears of balances more than Rs.10,000 were as at 31 December of the year under review and the total Assessment Tax to be collected amounted to Rs.7,898,707.

Arrears of income should be recovered exigent.

Action will be taken to recover income as according to the budget in the future.

2.2.3 Court fines and Stamp fees

Audit Observations

Recommendation

Comments of the
Accounting
Officer

The Court Fines amounting to Rs.1,340,543 and Stamp Fees amounting to Rs.219,935,594 was to be taken from the Chief Secretary of the Provincial Council and other authorities as at 31 December of the year under review.

Arrears of income should be collected from the relevant officers exigent.

Letters have been sent to recover arrears the Chief Secretary.

3. Operational Review

3.1 Performance

Facts observed relating to the execution of activities by the Pradeshiya Sabha in accordance with Section 3 of the Pradeshiya Sabha Act such as regulation of health of the general public, common utility services and public road facilities and maintenance of people's welfare, facilities and development are given below.

(a) Action plan

Audit Observations

Recommendation

Comments of the
Accounting
Officer

An action plan was not prepared and approved for the duties to be performed as according to the established bylaws by the Council for the year under review.

An annual Action plan should be made.

Action will be taken to prepare an annual action plan in future.

(b) Solid Waste Management

Audit Observations

Recommendation

Comments of the
Accounting Officer

A long-term program for the disposal of waste was not made according to the Guidelines of the Gazette Notification of the President No.2015/53 dated 20 April 2017.

Waste Management should be done properly.

Noted that Waste Management is being done properly.

(c) Goals of Sustainable Development

Audit Observations

Recommendation

Comments of the
Accounting Officer

Plans had not been made according to 2030 Agenda for the Purposes of Sustainable Development for the global view of such purposes to enhance the living standards and health of the people living in the Council Territory.

Action should be taken to prepare long-term plans for the sustainable development and increase the living standards the Citizens.

A plan will be made in the future to enhance the living standards of the citizens living within the area of authority.

3.2 Human Resource Management

Audit Observations

Recommendation

Comments of the
Accounting Officer

(a) Vacancies and Excess of Cadre

Action had not been taken to fulfill the vacancies of 06 secondary level staff members and to formalize the 14 excess of cadre.

Action should be taken to fill the needed vacancies and formalize excess of positions.

Action will be taken to formalize positions.

(b) Worker loans

Action had not been taken to collect staff loans amounting to Rs.445,392 from 30 staff members due from more than 10 years since the work places of the workers could not be identifiable or have retired and a staff loan amount of Rs.100,122 from interdicted Electric mechanical workers in the year 2017.

Arrears of loan balances should be recovered exigent.

Action will be taken to recover arrears of loan balances as soon as possible.

3.3 Asset Management

3.3.1 Lack of Maintenance and repair.

Audit Observations

Action had not been taken to repair and use a Tractor amounting to Rs.240,000 which was removed from use in 2017.

Recommendation

Repair work should be done as soon as possible.

Comments of the Accounting Officer

Repair work is being done as soon as possible.

3.3.2 Assets not acquired

Audit Observations

The water bowser given by the Ministry of Local Government was not acquired by the Council.

Recommendation

The ownership should be taken over by the council.

Comments of the Accounting Officer

Action will be taken to acquire in the future.

4. Accountability and Good Governance

Internal Audit

Audit Observations

A proper internal audit had not been conducted and the reports were not submit to the Audit division.

Recommendation

Proper internal audit should be conducted.

Comments of the Accounting Officer

Action will be taken to send reports after conducting internal audit.