

Dickwella Pradeshiya Sabha
Matara District.

1. Financial Statements

1.1 Presentation of financial statements

Although financial statements of 2019 had been presented for the audit on 27 February 2020. Auditor General's summary report of such financial statements and detailed management audit report have been sent to the Chairman on 08 June 2020 and 15 June 2020 respectively.

1.2 Qualified Opinion

It is my opinion that financial status of Pradeshiya Sabha of Dickwella as at 31 December 2019 and financial performance thereof for the year ended by the same day are in compliance with generally accepted accounting principles and shown true and fair status by financial statements except the impact caused by matters described in the part of basis for the qualified opinion in this report.

1.3 Basis for the qualified opinion

(a) Accounting deficiencies

	Audit Observation	Recommendation	Comments by Accounting Officer
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(i)	Income of interest received for fixed deposits in the year under review had been accounted over by Rs.1,403,060.	It should be accurately accounted.	Corrective actions will be taken.
(ii)	Creditor allocation had not been made for the balance Rs.2,431,906 which should be paid into Local Govt. Service Pension Contribution Fund by the end of the year under review.	Due amount of contribution should be accurately accounted.	Corrective actions will be taken.

(b) Non - Reconciled Accounts

Audit Observation	Recommendation	Comments by Accounting Officer
Difference of total was Rs.63,851,806 between balance of 08 account subjects of total Rs.123,773,884 which are included in financial statements and related documents and schedules thereto.	Actions should be taken to compare differences of accounts concerned and correct accounts.	Corrective actions will be taken in future.

(c) Unavailability of necessary documentary evidences for the audit

Audit Observation	Recommendation	Comments by Accounting Officer
In the audit it was unable to satisfactorily observe 06 account subjects of which Total Rs.480,135,825 since needy information was not presented.	Evidences by which account balances stated in financial statements are proved should be presented.	Informed that it will be updated and presented in future.

1.4 Non - compliance

1.4.1 Non - compliance with rules, regulations and management decisions

Occasions of non - compliance with rules, regulations and management decisions are as follows.

Reference to rules, regulations and management decisions	Non - compliance	Recommendation	Comments made by Accounting Officer
(a) Pradeshiya Sabha Rules of 1988 (Financial & Admin.)			
(i) Rule 143	Refundable deposit ledger had not been monthly collected and	Actions should be taken as per	Deposit ledger and main ledger account

	total of balance not adjusted with main ledger account.	rules.	have been adjusted monthly.
(ii) Rule 193	Actions had not been taken to reconcile actual expenditure of object codes with budgeted and supplementary passed expenditure and to forward with accounts statement of reasons for excess or deficit.	Actions should be taken as per rules.	Actions will be taken to forward in future.

2. Financial Review

2.1 Financial Results

As per financial statements presented, Sabha income exceeding recurrent expenditure for the year ended by 31st December 2019 under review was Rs.21,207,962 and comparing with the previous year income exceeding recurrent expenditure was Rs.24,879,324.

2.2 Income Administration

2.2.1 Estimated income, billed income, collected income and arrears of income

Information of estimated income, billed income, collected income and arrears of income pertaining to year under review and previous year are as follows.

Income source	2019				2018			
	Estimated income	Billed income	Collected income	Total arrears as at 31 st December	Estimated income	Billed income	Collected income	Total arrears as at 31 st December
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Rates & taxes	5,741,924	6,509,219	7,034,064	2,357,524	3,330,579	3,312,587	2,982,033	2,882,367
Rentals	4,690,620	7,056,591	7,108,042	1,600,190	4,886,100	4,491,445	4,691,447	1,651,640
Permit fees	1,257,000	1,859,646	1,859,646	-	1,252,500	1,340,125	1,340,125	-
Other income	35,055,786	32,173,788	23,839,199	202,750,321	19,454,181	21,828,643	14,954,688	194,415,732
Total	46,745,330	47,599,244	39,840,951	206,708,035	28,923,360	30,972,800	23,698,293	198,949,739

2.2.2 Rates & Taxes

Audit observation	Recommendation	Comments made by Accounting Officer
<p>(a) Rates</p> <p>Balance of Arrears of rates as at the beginning of the year under review was Rs.2,768,170 and Rs.6,238,438 was to be recovered with Rs.3,470,268 being billings of the year. At the end of the year there was a minus balance of Rs.2,251,965 since total recoveries within the year was Rs.3,986,473.</p>	<p>Arrears of rates should be recovered soon.</p>	<p>Actions will be taken to collect arrears of income.</p>
<p>(b) Acreage tax</p> <p>Initial balance of arrears of acreage tax was Rs.60,883 while billings of the year was Rs.6,941. Since total recoveries within the year was Rs.15,580 arrears was Rs.52,245 at the end of the year under review.</p>	<p>Arrears of income should be recovered soon.</p>	<p>Actions will be taken to collect arrears of income</p>

2.2.3 Other income

Court fines and stamp fees

Audit observation	Recommendation	Comments made by Accounting Officer
<p>At the end of the year under review sum of Rs.3,641,820 being court fines and Rs.22,179,566 being stamp fee were to be received from Chief Secretary and other authorities of Provincial Council.</p>	<p>Arrears of income should be recovered soon.</p>	<p>Chief Secretary has been requested to recover arrears of income.</p>

3. Operating Review

3.1 Performance.

As per section 3 of Pradeshiya Sabha Act, the Sabha was expected to perform duties such as regularizing and control of public health, public utilities services and matters pertaining to public roads, well being of people, convenience and welfare. Matters revealed pertaining to performance of such functions are as follows.

(a) Solid waste management

Audit observation	Recommendation	Comments made by Accounting Officer
(i) It had been planned to recycled about 40 tons of degradable garbage monthly collected within the Sabha area through biogas unit established in the land of public fair of Dickwella. But This had become non functional from the year 2017.	It should be kept functional by solving issues.	Authorities responsible regarding biogas unit have made no response.
(ii) Non degradable garbage had been disposed into an open land of 40 perches because disposal of garbage and process of recycling are not properly done.	Disposal of garbage should be proper.	Informed that garbage are not dumped at this place at the moment.

3.2 Management inefficiencies

Audit observation	Recommendation	Comments made by Accounting Officer
National Water Supply & Drainage Board had been given an estimate of Rs.1,774,650 on 15 th November 2016 for the renovation of the road damaged in laying water pipes from Pathegama Junction of Kottegoda to Udupitiya. On 19 th October 2017 a sum of Rs.1,632,150 had been received to the Sabha by that institution. No actions had been taken to renovate those damages of the road concerned though activities of laying water pipes had been completed on 29 th May 2019.	Renovation activities of the road concerned should be completed soon.	Corrective actions will be taken in the future.

3.3 Human Resources Management

Audit observation	Recommendation	Comments made by Accounting Officer
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(a) Vacancies & excess of cadre		

Actions had not been taken to fill 18 vacancies of approved posts and regularize one excessive employee.	Vacancies should be filled and excessive posts be regularized.	Commissioner of Local Government has been requested to fill vacancies.
(b) Employees loans		

Actions had not been taken to recover Rs.486,434 being arrears from 08 employees at the end of the year under review.	Arrears of loans should be recovered soon.	Future actions will be taken to recover loans.

3.4 Operating inefficiencies

Audit observation	Recommendation	Comments made by Accounting Officer
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(a) Sabha had obtained an extent of 42.63 less from due extent for community and entertainment purpose from 02 lands which were blocked out for sale as per Gazette No. 935/6 dated 06 th August 1996.	Land extent should be obtained to Sabha as per the Gazette.	Corrective actions will be taken in future.
(b) A survey had not been done regarding display of notice boards as per Gazette notification No.2094 dated 10 th October 2018 and sum of Rs.273,365 had not been charged fees from 81 notice boards displayed in the field inspection on 03 rd December 2019.	Fees should be charged as per the Gazette notification.	Actions will be taken to charge fees concerned.

- (c) Agreements of 37 boutique rooms of public market and bus stand belonged to Sabha had not been updated once in 03 years as per section 5 of circular No. SPC/A/5/6 dated 27th December 2010 issued by Southern Provincial Commissioner of Local Government and rental of 13 boutique rooms had not been assessed once in 05 years as per section 6. Actions should be taken as per the circular. Corrective actions will be taken in future.

3.5 Assets Management

3.5.1 Non Assurance of protection of assets

Audit observation

No proper actions had been taken regarding unauthorized use of extent of land of 60 perches obtained for public purposes at Sun Side City Housing scheme.

Recommendation

Encroachers should be removed.

Comments made by Accounting Officer

Actions will be taken to inform finance company and correct that situation since survey plans have defaults.

3.5.2 Non vested assets

Audit observation

Actions had not been taken to take over land in which well near Ruhunu Oil Mill is situated, land in which public well of Welewatta Udadeniya road is situated and 28 burial grounds belonged to Sabha.

Recommendation

Actions should be taken to take over.

Comments made by Accounting Officer

Necessary actions will be taken to take over.