

## Kelaniya Pradeshiya Sabha

### ----- Gampaha District -----

#### 1. Financial Statements

##### 1.1 Presentation of Financial Statements

The financial statements for the year 2019 had been presented for audit on 29 February 2020 and the summary report of the Auditor General on the financial statements and the detailed management report had been forwarded to the Chairman on 31 July 2020 and 30 September 2020 respectively.

##### 1.2 Qualified Opinion

In my opinion, except for the effect of matters described in the part, basis for qualified opinion section of this report, the financial statements give a true and fair view of the financial position of the Kelaniya 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 the Qualified Opinion

###### 1.3.1 Accounting Deficiencies

Audit Observations	Recommendations	Comments of the Accounting Officer
(a) Rs.8,399,570 spent on developing property and rs.7,000,000 spent on a three generators had not been capitalized.	It should be accounted accurately.	Inform that it would be settled by the Final Accounts for the year 2020.
(b) The provisions for the creditors regarding 15 projects for the year under review had been made over allocated by Rs.2,937,741.	It should be accounted accurately.	Inform that it would be settled by the Final Accounts for the year 2020.
(c) 07 items of goods valued of Rs.552,080 should be stated in the accounts as stock in store had been capitalized as other office equipments.	It should be accounted accurately.	Inform that it would be settled by the Final Accounts for the year 2020.

### 1.3.2 Unreconciled Accounts

Audit Observations	Recommendations	Comments of the Accounting Officer
(a) A difference accumulated of Rs.215,394,962 had been appeared between 10 account balances stated in the financial statements and its Subsidiary Registers.	Actions should be taken to correct the registers, documents and accounts.	Inform that it would be settled by the Final Accounts for the year 2020.
(b) The rates and the stall rent had been Rs.27,817,847 and Rs.508,493 respectively according to the register of revenue in arrears but it was Rs.36,737,134 and Rs.637,533 respectively according to the documents forwarded with the financial statements, therefore a difference Rs.9,048,327 had been occurred.	The documents and the reports of the revenue in arrears should be made accurately.	Inform that it would be settled by the Final Accounts for the year 2020.
(c) A difference of Rs.439,450 had been appeared among the accumulated contribution to the capital by the revenue and the donations accounts and accumulated fix assets.	Accounts should be made accurately.	Inform that it would be settled by the Final Accounts for the year 2020.

### 1.3.3 Lack of Necessary Documentary to Evidence for Audit

Audit Observations	Recommendations	Comments of the Accounting Officer
07 accounts balances of Rs.568,125,061 could not be satisfactorily vouched during the audit due to non rendition of necessary documents.	Evidence to confirm the balances of accounts in the financial statements should be furnished.	The accounts are being corrected now.

### 1.4 Non Compliances

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

Reference to Laws, Rules, Regulations and Management Decisions	Non Compliances	Recommendations	Comments of the Accounting Officer
(a) <u>Tax and Valuation Act No.30 of 1946</u>	The rats and tax had been assessed last in the year 2009 even though it should be assessed at least every 05 years.	Actions should be taken according to the Circular.	Actions would be taken in the future.

- (b) Financial Regulations of the Democratic Socialist Republic of Sri Lanka  
F.R. 371(2)
- The advances obtained at 12 instances of Rs.735,540 had not been settled as at 31 December 2019.
- Actions should be taken according to the Financial Regulations.
- Actions would be taken to settle the advances.
- (c) Advisory Circular No. 2004/අප්/1 of the National Library and Documentation Services Board
- Actions had not been taken on the valued Rs. 433,585 books misplaced in the year 2018 and 2019 reported by the board of survey 1,518 and 2,308 respectively.
- Actions should be taken according to the circular.
- Actions are being taken to recover from the responsible parties.

## 1.5 Receivable Balances

Audit Observations	Recommendations	Comments of the Accounting Officer
Industrial Donations of Rs.141,727,596 had been receivable and the payment in advance regarding 1997 to 2019 had been Rs.5,752,474.	The receivable balances should be recovered.	Inform that actions would be taken to recover after obtaining the relevant approvals.

## 2. Financial Review

### 2.1 Financial Results

According to the financial statements presented for the year ended 31 December 2019, the excess of revenue over recurrent expenditure of the Sabha amounted to Rs.94,173,429 compared with the corresponding excess of revenue over recurrent expenditure of the preceding year amounting to Rs.93,491,106.

### 2.2 Revenue Administration

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

Information relating to the estimated revenue, revenue billed, revenue collected and the arrears of revenue furnished for the year under review and the previous year appear below.

Source of Revenue	2019				2018			
	Estimated Revenue	Revenue Billed	Revenue Collected	Total arrears as at 31 December	Estimated Revenue	Revenue Billed	Revenue Collected	Total arrears as at 31 December
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
(i) Rates and Taxes	87,700,000	61,005,442	64,768,811	33,307,597	50,000,000	53,020,745	51,059,743	25,765,547
(ii) Rent	23,215,935	22,058,310	20,473,763	7,960,721	10,260,959	18,111,609	17,833,358	5,572,653
(iii) License Fees	3,851,000	1,781,630	3,583,259	-	1,600,000	1,790,236	1,790,236	-
(iv) Other Revenue	314,901,500	-	273,368,931	1,458,347	273,198,000	273,198,000	259,794,989	-
<b>Total</b>	<b>429,668,435</b>	<b>84,845,382</b>	<b>362,194,764</b>	<b>42,726,665</b>	<b>335,058,959</b>	<b>346,120,590</b>	<b>330,478,326</b>	<b>31,338,200</b>

### 2.2.2 Rates and Taxes

Audit Observations	Recommendations	Comments of the Accounting Officer
The rates in arrears of Rs.36,737,139 as at 31 December 2019 had been included balance less than 01 year of Rs.9,807,809, balance between 1-3 years of Rs.7,521,186, balance between 3-5 years of Rs.5,738,969, balance between 5-10 years of Rs.9,517,119 and the balance over 10 years of Rs.4,152,053.	Increasing the number of methods to recover the rates in arrears and sending notes of forbidding property and encouraging paying rates should be done.	Actions are being taken continuously to investigate and legal actions are being taken to recover the money.

### 2.2.3 Stall Rent

Audit Observations	Recommendations	Comments of the Accounting Officer
(a) Actions had not been taken to recover the rent Stall rent in arrears as at 31 December of the year under review from 133 stalls of Rs.2,785,707.	Actions should be taken to recover the rent in arrears.	No Comments.
(b) 22 Stalls in the Common Market located at Thorana Junction, Kiribathgoda and the new market at Hunupitiya had been leased interim. The Stalls that had been rented for Rs.100 to Rs.3,100 by the Sabha had been rented out by the lessees for rs.3,500 to Rs.15,000 again.	Actions should be taken according to the agreements.	Actions would be taken to interim lease the interim lessees who had not caught for interim lease.

**2.2.4 Other Income**

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 Environmental License  
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Audit Observations	Recommendations	Comments of the Accounting Officer
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Actions had not been taken to issue environmental license for 03 businesses recognized as to renew the license.	Actions should be taken to earn income from environmental license.	03 organizations had been taken the license renewal applications.

**3. Operating Review**

**3.1 Performance**

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The following matters were revealed with regard to duties to be fulfilled by the Sabha in terms of Section 3 of the Pradeshiya Sabha Act, such as regularization and control of matters relating to public health, public utility services and public thoroughfares, public comfort, convenience and welfare.

Audit Observation	Recommendation	Comments of the Accounting Officer
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<b>(a) Action Plan</b>		
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08 tasks included in the action plan prepared for the year under review had been failed to complete.	The necessary provisions should be obtained by entering all the tasks that should be completed in the Actions Plan.	Actions would be taken in the future.
<b>(b) Failed to Achieve the Expected Level of Outcome</b>		
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04 various tasks included in the Action Plan with allocation of Rs.17 million by the annual budget had been failed to accomplish the expected level of outcome.	Management should consider on achieving the expected level of outcome.	Actions would be taken to complete tasks according to the Action Plan.
<b>(c) Failed to Achieve the Expected Benefits</b>		
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Stalls had been constructed in the Bus Stand at Kelaniya by Rs.27,983,429 in the year 2016. Benefits from the year 2016 to 2019 had could not be recovered and for the Sabha	The Sustainable Development Plan should be accomplished within the relevant time period.	The progress of that Sustainable Development Target had been delayed to forward to audit.

#### (d) **Solid Waste Management**

Rs.22,500,000 for the place where the garbage had dumped and Rs.14,761,000 for renting vehicles had been spent in the process of Garbage Disposal and an amount of Rs.12,413,500 had been paid as rents to a private institute for transporting garbage other than using the vehicles owned by the Sabha during the year 2019.

Vehicles owned by the Sabha should be fully utilized.

55-60 tons of garbage is being collected by the Sabha daily. Therefore tippers had to be used to transport the garbage to the park at Muthurajawela.

### 3.2 **Human Resources Management**

<b>Audit Observations</b>	<b>Recommendations</b>	<b>Comments of the Accounting Officer</b>
(a) 04 posts in the Secondary Level had been vacant.	Actions should be taken to fill the vacancies.	Actions would be taken to fill the vacancies in the future.
(b) Actions had not been taken to provide trainings for the employees at least covering 12 hours according to the Section 6.1 of the Circular No.2018/02 of the Secretary of the Ministry of Public Administration and Home Affairs dated 24 January 2018.	Actions would be taken to provide updated employment training.	Trainings programs could not be carried out therefore actions would be taken in the year 2020.
(c) Actions had not been taken to recover the Loan balance of Rs.249,340 that should be recovered from 03 officers transferred in the year 2016,2018 and 2019.	Actions should be taken to recover as soon as possible.	Actions are being taken to recover.

### 3.3 **Assets Management**

#### 3.3.1 **Assets not registered**

<b>Audit Observations</b>	<b>Recommendations</b>	<b>Comments of the Accounting Officer</b>
(a) Actions had not been taken to state the value of 25 Lands and Buildings entered in the Fixed Assets register.	The Fixed Assets register should be updated.	An Assessment Board had been appointed to assess all the property owned by the Sabha.
(b) 04 Lands and Buildings and 02 Stadiums had not been entered in the	The Fixed Assets register should be	It had been sent for a revaluation board to take

Fixed Assets Register according to the updated. investigation carried out in the year 2019.

action on this recommendation.

### 3.3.2 Not Assuring the Protection of the Assets

Audit Observations	Recommendations	Comments of the Accounting Officer
(a) 43 out of 57 Lands and Buildings recognized in the investigation carried out in the year 2018 had no deeds. Only the plans regarding this property had been with the Sabha and no documents had been available on 05 property.	Actions should be taken to acquire the possession of the assets.	Further actions would be taken according to the approval of the Sabha to prepare the plans and the deeds for the lands owned by the Sabha.
(b) Actions had not been taken against the unauthorized construction in the triangular land located in the Jinadasa Nandasena Road, Kiribathgoda and connecting the land by the neighboring land owners by filling up the common well in Nahena, Preetipura Housing Scheme.	Legal actions should be taken on the unauthorized constructions and filling up the common well.	Legal actions are being taken on the unauthorized constructions.
(c) Wedamulla Kingston land and Wedamulla Pilapitiya Land had been acquired by the outsiders as it could not be recognized the locations. A temple had been built on the on the land near the Dalugama Cemetery.	Actions should be taken to protect the Lands owned by the Sabha	Even though the Wedamulla Kingston land and Wedamulla Pilapitiya Land had been entered in the fixed assets register it could not be found the locations.
(d) The Siripura Stadium in Nahena, stadium and the children's park in Gurunnansewatte Housing Scheme could not be found the locations and a Buddha shrine had been built on one of the stadiums.	Actions should be taken to acquire the relevant stadiums and children's park.	Actions are being taken to acquire these lands.

### 3.6 Idle and Underutilized Assets

Audit Observations	Recommendations	Comments of the Accounting Officer
(a) The Road Crusher of 08 tons, Barch Machine, Excavator Machine and a	Actions should be taken to utilize them.	Actions had been taken to give the road crusher to another institute.

dump truck had been idled without utilizing

- (b) 09 Tractor Trailers without numbers, 02 trailers could be used after repairs, and hand tractor had been in the Sabha according to the board of survey carried out in the year 2019. The relevant trailers should be repaired as soon as possible. 02 trailers are being repaired now.
- (c) The upstairs of the Polhena Library building had not been used for anything. Actions should be taken to use it in usable task. The building is still owned by the District Secretariat therefore actions would be taken to develop the building as a multi task building after acquiring the possession.

**3.7 Procurement**

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
<p>Agreements had not been made according to the section 8.9 (b) of the Procurement Guidelines for purchasing 05 computers of Rs.885,000 and 04 laptops of Rs.762,575 in the year 2019.</p>	<p>Actions should be taken according to the relevant guidelines</p>	<p>Actions are being taken to make agreements.</p>

**4. Accountability and Good Governance**

**Budgetary Control**

<b>Audit Observations</b>	<b>Recommendations</b>	<b>Comments of the Accounting Officer</b>
<p>Rs.42,044,858 on the constructions of roads and side drainages and Rs.2,608,116 on the constructions of culverts had been spent exceeding the expenditure heads during the year under review.</p>	<p>Expenditure should not be exceeded the expenditure heads.</p>	<p>Inform that action had been made according to the approval made in the special general meeting held on 20 September 2019.</p>