

Bulathsinhala Pradeshiya Sabha

Kalutara District

1 Financial Statements

1.1 Presentation of Financial Statements

The financial statements for the year under review had been presented to audit on 15 March 2017 and the financial statements for the preceding year had been presented on 30 March 2016. The report of the Auditor General for the year under review had been forwarded to the Secretary of the Sabha on 29 September 2017.

1.2 Qualified Opinion

In my opinion, except for the effects of the matters shown in paragraph 1.3 of this report, the financial statements give a true and fair view of the financial position as at 31 December 2016 and its financial performance for the year then ended in accordance with Generally Accepted Accounting Principles.

1.3 Comments on Financial Statements

1.3.1 Accounting Deficiencies

The following observations are made.

- (a) The value of land and buildings of the Pradeshiya Sabha had not been assessed and brought to account.

- (b) According to the financial statements of the Madurawala Pradeshiya Sabha, a sum of Rs. 221,804 was payable to the Bulathsinhala Pradeshiya Sabha. Accordingly, it should have been shown as receivable in the accounts of the Bulathsinhala Pradeshiya Sabha. However, a sum of Rs. 348,928 had been shown as payable to the Madurawala Pradeshiya Sabha in those accounts.

1.3.2 Lack of Evidence for Audit

Transactions aggregating Rs. 21,486,109 could not be satisfactorily vouched in audit due to non rendition of necessary information for audit.

2. Financial Review

2.1 Financial Results

According to the financial statements presented, the excess of revenue over recurrent expenditure of the Sabha for the year ended 31 December 2016 amounted to Rs. 7,480,372 as compared with the excess of revenue over recurrent expenditure of the preceding year amounting to Rs. 11,649,735. Accordingly, a decline in financial results amounting to Rs. 4,169,363 was observed during the year under review as compared with that of the previous year.

An increase in expenditure amounting to Rs. 13,663,228 had mainly attributed to the decline in financial results by Rs. 4,169,363.

2.2 Revenue Administration

2.2.1 Estimated Revenue, Actual Revenue and the Arrears of Revenue

The information relating to the estimated revenue, actual revenue and the arrears of revenue furnished for the year under review appear below.

Item of Revenue	Estimated	Actual	Accumulated Arrears as at 31 December
-----	-----	-----	-----
	Rs.'000	Rs.'000	Rs.'000
Rates and taxes	2,094	1,691	487
Licence fees	276	276	-

2.2.2 Rates and Taxes

- (a) The rates and taxes billed for the year under review amounted to Rs. 2,052,880.20. Of this, a sum of Rs. 1,651,587.78 representing 80.45 per cent only had been recovered.
- (b) Out of the outstanding balances of Rs. 758,136 at commencement of the year under review, a sum of Rs. 713,267 representing 94.08 only had been recovered and the total arrears as at end of the year amounted to Rs. 446,162. Accordingly, the progress of the recovery of the overall rates and taxes during the year under review was 84.13 per cent.
- (c) The outstanding balance of rates and taxes as at 31 December 2016 amounted to Rs. 446,162. Included in these were, Rs. 18,587 from 93 units relating to 01 to 03 years Rs. 6,294 from 90 units relating to 03 to 05 years and Rs. 19,988 from 12 units relating to 05 to 10 years.
- (d) New rates and taxes payers had not been identified by the Bulathsinhala Pradeshiya Sabha in terms of Section 134(1) of the Pradeshiya Sabha Act No. 15 of 1987.

2.2.3 Acreage Tax

The outstanding balances of acreage tax as at 31 December 2016 amounted to Rs. 140,462 of which a sum of Rs. 54,160 or 38 per cent had been recovered by 31 December 2016. Out of the present amount billed for Rs. 40,887, a sum of Rs. 39,733 or 97 per cent had been recovered. Accordingly, the overall outstanding balances as at 31 December 2016 amounted to Rs. 87,457.

2.2.4 Other Revenue

(a) Revenue from Sand Pier

- (i) The sand pier had been maintained without any supervision by responsible officers and without control systems. In spite of the increase in a cube of sand, the revenue had dropped during 2015 to 2016 by 331 per cent amounting to Rs. 1,030,905.
- (ii) Vast variations were observed regarding the transactions connected with sand as per stock books maintained by three persons, namely the officer in charge of stores, supervising officer of the sand pier and the sand pier keeper.

(b) Revenue from Notice Boards

Notice boards had been exhibited without licences issued by the Secretary of the Sabha as required by the Local Authorities Act No. 06 of 952 (Approved Bye Laws). Audit test checks revealed that revenue amounting to Rs. 49,506 had not been recovered for the 48 notice boards and 34 banners exhibited without such licences. A survey of publicity notices had also been not carried out for the year 2016. There were no marks to identify the notice boards for which charges had been recovered.

(c) Transactions at the Garbage Centre

Proper procedures had not been adopted with regard to the carbonic fertilizer manufactured at this centre. The fertilizer had been sold on credit basis for a number of years although the Sabha had not made any decision to sell it on credit. The amount not received and which had not been identified by the Sabha in this manner amounted to Rs. 45,750.

2.2.5 Court Fines and Stamp Fees

The amount receivable from the Chief Secretary of the Provincial Council and other authorities as at 31 December 2016 appear below.

	Rs.
(i) Court Fees	1,235,667
(ii) Stamp Fees	7,643,596

3. Operating Review

3.1 Management Inefficiencies

(a) The Bulathsinhala Pradeshiya Sabha had been separated into 2 Pradeshiya Sabhas, namely, Bulathsinhala and Madurawala with effect from 15 April 2006. Accordingly, the assets and liabilities due to the Madurawela Pradeshiya Sabha had not been given even by 13 July 2017.

(b) Accident Caused to the Double Cab

The cab belonging to the Sabha had met with an accident on 11 March 2016. The following matters were revealed in connection with the accident.

(i) A register of losses and damages had not been maintained in terms of Financial Regulation 102. The loss/ damage caused as a result of the accident had not been noted.

(ii) The accident had not been reported to the police. Although, primary report should be furnished within 07 days of the accident in terms of Financial Regulation 104 (3), such a report had not been furnished.

- (iii) A complete report should be furnished within 03 months of the accident in terms of F.R. 104(4). However, a complete report had not been furnished even by 13 July 2017.
- (iv) The Sabha had not maintained any records pertaining to the accident caused to the vehicles, repairs, compensation from insurance and payments.

3.2 Idle and Under Utilized Assets

Although the construction work of the Bulathsinhala Trade Complex consisting of the the week – end fair had been completed during the month of December 2016 by spending Rs. 2,857,155 and Rs. 33,757,083 the building concerned had not been made use of, even by 13 July 2017.

3.3 Contract Administration

The estimate for construction of this building amounted to Rs. 3.4 million and the contract had been awarded at Rs. 2,974,347.

- (i) The building had not been constructed according to the approved plan.
- (ii) Pavements on either side of the building had not been constructed and the tube connecting the latrine to the pit alone had been constructed without constructing the pit.
- (iii) The side wall had not been constructed in a sloping position. Stones and soil had not been recovered from both sides of the building. The block stones laid on the front portion had submerged in the soil.

3.4 Solid Waste Material Management

Bye – laws had not been framed for the solid waste material management. The bye – laws of the Western Province Solid Waste Material Management had been adopted for this purpose. An environmental licence had not been obtained for the garbage disposal site.

3.5 Performance

The following observations are made in this connection.

- (i) The date of commencement of the action plan had been mentioned, without the date of completion. As a result, it could not be examined whether the work had been completed as per target.
- (ii) Although it had been decided to commence the vehicle maintenance unit in February 2016, the work concerned had not been executed even by February 2017.
- (iii) The performance of the works branch could not be determined as the work relating to the Sabha had not been included in the Action Plan.
- (iv) Distribution of 119 garbage barrels should have been completed even by April 2016 so as to regularize the garbage management. However, 65 barrels only had been distributed by 18 April 2016.
- (v) The gate and the parapet wall of the Sabha had not been repaired as per Action Plan.
- (vi) The work such as, to publish gazette notification of roads belonging to the Sabha, to survey and partition the crematorium and to identify all properties of the Sabha had not been done even by February 2017.

4. Systems and Controls

Special attention of the Sabha is needed in respect of the following areas of control.

- (a) Accounting
- (b) Revenue Administration
- (c) Budget
- (d) Control over Vehicles