

Dambulla Municipal Council  
Mathale District  
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1 Financial Statements  
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1.1 Presentation of the Financial Statements  
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The financial statements of the year 2018 had been presented to the audit on the 10 April 2019 and the summary report of the Auditor General had been forward to the Mayor on 31 May 2019 and the detailed management report regarding the financial statements had been forward to the Mayor on 31 May 2019.

1.2 The Qualified Opinion  
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I am in an opinion that, except the effect on the financial statements of the matters referred under the section of the basis for a qualified opinion in this report, the financial statements had been prepared in accordance with generally accepted accounting principles and give a true and fair view of the state of affairs of the Dambulla Municipal Council as at 31 December 2018 and financial results of its operations for the year then ended.

1.3 The Basis For A Qualified Opinion  
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(A) Accounting Deficiencies  
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Audit Observation -----	Recommendation -----	Accounting Officer's Commentary -----
(i) The fixed assets which had purchased at a cost of Rs.611, 562 in the year under review and a construction worth of Rs.738, 928 had not been capitalized.	Fixed assets and the value of constructions should be capitalized.	Accept. It will be corrected in the final account for the year 2019
(ii) The value of 04 tractor trailers had not been accounted by estimating.	The tractor trailers should be accounted by valuing.	t had not been I accounted due to non availability of the written .evidence
(iii) It had been understated the ayurvedic stock balance as at the end of the year under review by Rs.353,190 and the savings account balance which continued with the	It should be corrected balance which had understated.	t had notified the I medicine as an .year expenditure of the

Municipal Development Authority by an amount of the Rs.353,190 in the financial statements.

(iv) It had not been taken to accounts the 05 payable balances as at end of the year amounting to Rs.82,965 and the sum of debtor balances of the projects of developing the crossstreet where Athurupaya Samurdi Mawatha and the Digampathana bridge development of the project Kawashima.

The creditors' balance should be corrected.

Accept. It will be corrected in the final account for the year 2019

(v) It had a difference of Rs.317,522,866 between the total of fixed assets and the revenue contribution for the capital account.

The creditors' balance should be corrected.

Accept. It will be corrected in the final account for the year 2019

(vi) It had been satated as creditors in the year under review the payment which had paid to the Provincial Road Development Authority for repair a cab amounting to Rs.897,838.

The creditors' balance should be corrected.

Accept. It will be corrected in the final account for the year 2019

(b) Non Reconciled Control Accounts

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Audit observation

Recommendation

Accounting Officer's  
Commentary

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It had been observed a difference of Rs. 1,232,222 when compare the total amount of Rs. 10,141,234 of 03 accounts subject stated in the financial statements with their

Actions should be taken to correct the accounts by comparing the differences of the balances.

The balance in the General Deposit Account cannot be identified in the documents and the medications purchased during the year are arranged

relevant schedules supporting documents.

on a year-to-date basis. Please note that the balance of the Stamp Impress Account should be rectified from the beginning.

(c) Accounts Receivable and Accounts Payable  
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(i) Accounts Receivable  
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Audit Observation -----	Recommendation -----	Accounting Officer's Commentary -----
(i) he arrears rent as at the end T of the year that elapsed one year was amounting to .Rs.7,514,517	Actions should be taken to collect the receivable balances	The stalls have been leased to new leases in the year 2019.
(ii) It had not been recovered the arrears rate balance of Rs.4,024,423.	Actions should be taken to collect the receivable balances	Action will be taken to recover arrears and write off the other balances appropriately.

(ii) Accounts Payable  
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Audit observation -----	Recommendation -----	Accounting Officer's Commentary -----
It had not been settled the payments balances which had to pay to the Dambulla Pradeshiya Sabha was amounting to Rs.2,486,916 and to the industrail creditors amounting to Rs. 9,037,631.	Actions should be taken to settlement the payable balances.	I informed that i accept as those stated balances are corrected.

(d) Lack of Written Evidence Required For The Audit

Audit Observation	Recommendation	Accounting Officer's Commentary
02 accounting subject worth of Rs. 195,527,245 had not been vouched satisfactorily in audit due to non submission of the acceptable audit evidence to the audit.	It should be submitted the evidence to verify the account balances in the financial statements	Actions will be taken to submit the registers and schedule as possible in future.

1.4 Non-Compliance

1.4.1 Non-Compliance with Laws, Rules, Regulations and Management Decisions

References To laws, rules, regulations and management decisions	Non-compliance	Recommendation	Accounting Officer's Commentary
(a) Public Administration Circular No. 13/2008 (iv) dated 04th February 2011	Without the approval, additional 1183 fuel letters had been used for the vehicle commissioner of municipal.	Action should be taken as per the circulars.	The approval of the General Assembly has been obtained for this purpose.
(b) Regulations No. 3 (1) 1 of the Extraordinary Gazette No. 1914/40 of 15 May 2015	Two members who had not attended the meetings of the Dambulla Municipal Council had paid council allowances and telephone allowances.	Action should be taken as per the gazette notification	I will take action in the future to prevent such occurrences.

#### 1.4.2 Transactions Not Verified by Insufficient Authority

	Audit Observation	Recommendation	Accounting Officer's Commentary
(a)	An amount of Rs.890,000 had been paid to the 06 employees in the Municipal Council without verifying the professional consultancy service that should be supplied as per the contract which had entered at a price of 3% from the contract amount with the council for giving consultancy activities of the project Of Kawashima.	The verifications must be needed when paying allowances.	This money have to be reimbursed by the the Ministry of Provincial Council and the Local Government Authorities.
(b)	It had been paid an amount of Rs. 944,000 under the consultancy fees of above project for a van that had brought basis of the rental by stating as it had used running in day and nights without verifying by written evidences.	The written evidences must be needed to verifying to it had used for running or running charts.	This money have to be reimbursed by the the Ministry of Provincial Council and the Local Government Authorities.
(c)	An amount of Rs.232,000 had been paid while it had not submitted the evidence about the tasks had done by the board of consultancy which hired for the preparing the 04 year plan.	There were no provisions in the Municipal Council Act to pay other consultants when there were professional positions in the executive grade of the council.	Due to lack of experienced officers for the preparation of a four-year development plan it has been done so.
(d)	Although the engineer of the Municipal Council had reported to the service on 20 April 2017, An amount of Rs. 450,516 had been paid by the Dambull Municipal Council getting it from the Kandy Municipal Council as arrears professional and telephone allowances up to the date when had reported to the service from the backdated day when on 15 February 2015 regarding the engineer service.	This payments should be done after proper approval for it.	While the letters have been shared in upper level in this regard and the reports had been received as this accept this allowance could be received. future actions will be taken as per will given in the final order .this regard

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| <p>(e) As per the instructions of CPC /CLG /<br/>(i) 1/5/1 dated 28th June 2018 of the Commissioner of Local Government 22 road labours have been recruited and an amount of Rs. 25,663,200 had been paid from the Council Fund from 1st August 2018 till 31 December 2018 without obtaining the prior approval of the Chief Secretary.</p>                                 | <p>The above set of instructions should be followed</p>   | <p>Dambulla Municipal Council vacancies satisfy workers lease, subject to the approval of the lack of staff to provide the services required to maintain pressure area detention of the cash counter to the paid Municipal Council Fund that paid money and let the service to have not been a load telling</p>        |
| <p>(ii) As mentioned above, no. of 65 employees who have been paid their daily wages on various bases have been recruited without the prior approval of the Chief Secretary and Rs. 13,512,639 had been paid as salaries during the year under review by the municipal Council fund</p>   | <p>The above set of instructions should be followed</p>   | <p>Vacancies satisfy workers lease, subject to the approval of the lack of staff to provide the services required to maintain the area forced the Dambulla Municipal Council Detention Municipal paid money and let the service to get the cash counter to the paid Council Fund that has not been a load telling.</p> |
| <p>(f) The amount of Rs.1,247,992 had been paid as salaries from September 2017 to December 2018,the amount of Rs. 145,753 as the allowances for acting works and amount of Rs.211,604 as the days'pay paid commissioner of the municipal council for working to supervising the waste management activities without proper supervision on the arrivals and departures.</p> | <p>Payments should be made after arrival, departure and leave confirmation and after supervision of duties.</p> | <p>I am informed that the Municipal Commissioner of the Municipal Council has not been able to sign the arrival and departure due to his frequent field work in the areas of health and roads in 13 GramaSeva areas within the city limits</p>   |
| <p>(g) The Ayurvedic medical officer had left the service on 5th December 2018 but it had been paid excess of Rs. 52,510 as salary for the month.</p>   | <p>Over payments should be recovered.</p>   | <p>Since this officer is presently in service, I am dealing with this charge in the payment from salaries.</p>   |

## 2. Financial Review

### 2.1 Financial Results

According to the presented financial statements, excess of revenue over recurrent expenditure for the year ending 31 December 2018 amounted to Rs. 17,358,025 as compared with the corresponding excess of revenue over recurrent expenditure for the preceding year amounted to Rs.38, 518,978.

### 2.2 Revenue Administration

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

Details of Estimated Revenue, Billed Revenue, collected Revenue and Arrears of Revenue for the year under review and of the previous year are as follows.

Source of revenue	Estimated Revenue	2018			2017			
		billed revenue	Revenue collected	Total arrears as of December 31 <sup>st</sup>	Estimated Revenue	billed revenue	Revenue collected	Total arrears as of December 31 <sup>st</sup>
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Rates and Taxes	52,960,000	35,614,890	31,314,807	6,410,944	14,220,000	12,486,524	8,922,494	6,643,525
Rent	16,090,000	16,622,969	19,256,852	12,145,463	14,480,000	12,539,193	11,906,354	14,905,596
License fees	10,700,000	6,991,409	8,393,013	55,885	8,650,000	5,796,117	6,750,440	1,457,490
Other Revenue	57,595,600	29,854,800	44,777,046	1,345,000	35,154,500	36,454,485	32,029,260	22,847,453
<b>Total</b>	<b>137,345,600</b>	<b>89,084,068</b>	<b>103,741,718</b>	<b>19,957,292</b>	<b>72,504,500</b>	<b>67,276,319</b>	<b>59,608,548</b>	<b>45,854,064</b>

#### 2.2.2 Rates

##### Audit Observation

- (a) Since the rates that had billed for the year is amounting to Rs. 4,012,663, the arrears rates as at the end of the year was amounting to Rs.6,030,947 due it had collected an amount of Rs.2,001,640 only from the billed amount.
- (b) It had been recovered an amount of Rs.2,379,623 only from the arrears amount as at the beginning of the year

##### Recommendation

- This payments should be done after proper approval for it.
- Actions should be taken to recovered the arrears.

##### Accounting Officer's Commentary

- Inability to get the right information is a continuing problem and the problem is not being identified at the earliest.
- Despite being informed about the arrears balances, I would like to inform you that this has not been done properly.

### 2.2.3 Rentals

#### Audit Observation

while it had an amount of Rs.8,575,662 as at the end of the year under review as the arrears rental from the bus stands and the stock market stalls it had been closed 26 bus stand stalls and 46 wholesale market stalls without utilizing.

#### Recommendation

Actions should be taken to recover the arrears

#### Accounting Officer's Commentary

Actions will be taken to lesed leasees out these stalls for new .on a decision of the Sabha

### 2.2.4 License Fee

#### Audit Observation

- (a) An amount of Rs.455,000 had to be received from the no. of 364 threewheelers as register fees from 364 threewheelers which operetaed within the area of the authority of the municipal council.
- (b) While it had not been recognized by carrying out a survey the arrears business tax for the year 2018 was amounting to Rs.55.885.

#### Recommendation

Actions should be taken to recover the arrears.

A business place should be properly identified by a survey and business tax should be collected.

#### Accounting Officer's Commentary

Three wheeler associations have agreed to pay the rent.

Since the relevant officer does not have a clear understanding of the matter, the tax could not be collected.

### 2.2.5 Other Revenue

#### Audit Observation

The arrears of tenders of 12 fish stalls owned by the Municipal Council had to be received Rs. 588,860.

#### Recommendation

Action should be taken to recover the outstanding tender fees.

#### Accounting Officer's Commentary

I will take action to recover the arrears .



3 Operational Review

3.1 Performance

Following are the observations on the perform the functions of Public Health, the regulation of matters of public utility services and the management of public roads, people in comfort, convenience and welfare of the Council to regulate and administer public health, public utility services and public roads under section 04 of the Municipal Council Act.

(a) Action Plan

Audit Observation	Recommendation	Accounting Officer's Commentary
The Municipal Council has prepared an action plan with the activities expected to be completed in 2018, but it has not met its expected financial performance.	An action plan should be prepared according to the objectives of the council and the objectives of the councillors and the expected financial performance	I would like to inform you that the Municipal Council is based on the proposals of the Council and prioritizes their proposal rather than the action plan.

(b) Delays in Performing the Tasks

Audit Observation	Recommendation	Accounting Officer's Commentary
projects worth of 06 no. of Rs.18,723,581 which had approved by the annual development plan for rthe year had not been implemented 2018 .within the year under review	Action should be taken to complete the approved development projects.	It has inform that the Municipal Council is based on the proposals of the councillors and that their proposals are given priority over the action plan

(c) Sustainable Development Goals

Audit observation	Recommendation	Accounting Officer's Commentary
(i) The municipal council has stated that the Sustainable Development Goals are being implemented, but they are not included in the annual action plan.	Sustainable development goals should be incorporated into the annual action plan and act accordingly.	Please note that the Sustainable Development Goals are not included in the Annual Action Plan.
(ii) Progress has not been made for the work performed in accordance with the Sustainable Development Goals implemented.	Actions should be taken to presented the progress report about the tasks which had done.	Please note that the Sustainable Development Goals are not included in the Annual Action Plan.

3.3 Human Resource Management

Audit Observation	Recommendation	Accounting Officer's Commentary
(a) Employee Vacancies and Excess End of the year under review, it had no. Of 46 vacancies in the approved staff and 30 surpluses in the positions of sanitation workers.	Actions should be taken to filled the vacancies in staff.	Such actions have led to the administration of the institute saying that there are 46 vacancies in the approved cadre and the recruitment of road and health workers is being done in the duties of Management Assistants, despite the fact that there are excess vacancies.
(b) Disciplinary Activities hile it had despite a road worker from W service 06 December 2018 employee leave, it had paid an amount of Rs.128,160 as salaries without considering the leaves as unpaid leave	Over payments should be recovered.	It will take action to acknowledge the relevant parties not to cause such problems in the future

from August to November 2018 according to the subsection 8.6 of chapter VII of Establishment code.

(c) Loans for Employees  
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A sum of Rs. 168,231 had not been recovered as at 31 December 2018 from four employees who had been transferred and transferred from the Dambulla Municipal Council.

Debt balances should be recovered.

It will continue to work in this regard

(d) Employee Bails  
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According to the Circular No. CPC / CS / 06/06/02 dated 11th April 2003 of the Chief Secretary of the Central Province, seven officers serving in the Municipal Council were not kept bails.

Deposits are to be made as per the circular.

It will take action in this regard according to circulars

3.3 Asset Management  
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3.3 .1 Idle and Underutilized Assets  
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Audit monitoring  
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Recommendation  
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Accountant's  
Commentary  
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Although a clinic centre and a bodybuilding centre have been built at Thittawalgolla valued at Rs. 1,000,000 and it had been fixed body building equipments worth of Rs. 1,000,000 but it had not been utilized since 2015.

These assets have to be used.

I will take action to make this place as can be used.

3.3 .2 Vehicle Utilization  
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Audit monitoring  
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Recommendation  
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Accountant's  
Commentary  
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(a) It had not been obtained revenue license for Five vehicles and two

It should be obtained the revenue license.

Action will be taken to obtained the revenue license.

tractor trailers owned by the Municipal Council.

(B) According to the Public Administration Circular No. 30/2016 dated 29th December 2016, the fuel combustion test of the nine vehicles of the municipal councils had not been checked.

Fuel combustion tests should be carried out as per the circular.

I will take actions to rectify these matters in the future .

(C) Five vehicles used by the municipal council belonging to other institutions have not been taken over.

The vehicle must be assigned.

Two vehicles which stated in the report had been registered by the secretary of the ministry. Action will be taken -to assign the vehicles of 65 5434-and 301 9054-301/8999 after obtaining the relevant documents and certificate of register

3.5 Irregular Transactions

Audit monitoring

There was a loss of amounting Rs.1,131,825 leasing out the fish stalls owned by the Municipal Council the tenders for the second tender were less than the first tender and submitted to the second tender was received without informing the tender applicants for the first time.

Recommendation

The losses should be minimized by taking action according to the procurement guidelines

Accountant's Commentary

This could have been resolved if the initial conditions for the tender were strict. These are advised to re-tender

3.5 Procurement

3.5.1 Procurement Plan

Audit monitoring	Recommendation	Accountant's Commentary
The Annual Procurement Plan had not been prepared by the Council in terms of Section 4.2.1 of the Procurement Guidelines 2006.	Annual procurement plans should be prepared and complied with it.	The answer had not been received.

3.5.2 Contract Administration

Audit monitoring	Recommendation	Accountant's Commentary
Even though it had been purchased 5000 interlocks to an amount of Rs.170,000 for constructing a shrine around the ar room near the city, it board at Dambulla had been overpaid of Rs.102,000 due to purchasing of 5000 interlocks to the place which needs 3000 interlocks	Action should be taken to get approval covering approval	It is inform that the extra blocks have been used to construct a road in the hospital premises on the request of the Judicial Medical Officer of the Dambulla General Hospital .

4 Accountability and Good Governance

4.1 Internal Audit

Audit monitoring	Recommendation	Accountant's Commentary
One officer works within the Internal Audit Unit in 2018, and there is no any audit reports have been issued.	An internal audit unit should be maintained regularly.	This situation has arisen as a trainee development officer has been deployed for audit queries and related duties.

#### 4.2 Audit and Management Committees

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Audit monitoring

Recommendation

Accountant's  
Commentary

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Although four Audit and Management Committees were to be held per year, there were only 01 Management Committees in the year under review.

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Audit and Management Committees should be conducted in terms of the circulars.

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It has agreed that the 2018 Audit and Management Committees have been held once in quarter. Audit and Management Committee discussions have been scheduled, but have been cancelled due to various reasons.