

Dambulla Pradeshiya Sabha
Mathale District

1 Financial Statements

1.1 Presentation of the Financial Statements

The financial statements of the year 2018 had been presented to the audit on the 22 April 2019 and the summary report of the Auditor General had been presented to the Chairman on 27 May 2019 and the detailed management report regarding the financial statements had been presented to the Chairman on 27 May 2019.

1.2 The Qualified Opinion

the I am in an opinion that, except the effect on the financial statements of the matters referred under 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 Pradeshiya Sabha as at 31 December 2018 and financial results of its operations for the year then ended.

1.3 The Basis for a Qualified Opinion

(A) Accounting deficiencies

Audit Observation -----	Recommendation -----	Accounting Officer's Commentary -----
(i) It had not been capitalized the value of hearing aids amounting to Rs.792,350 which had purchased in the year 2018	The accounts should be corrected by capitalizing the amount.	Accept. It will be corrected in the final account for the year 2019
(ii) The interest amount of Rs.587, 700 for the investment on the treasury bill had not been accounted by estimating.	The interest should be accounted.	Accept. It will be corrected in the final account for the year 2019
(iii) Value of the machinery had been understated by an amount of Rs. 1,438,595 due the value of the machinery which had purchased in the year 2018 amounting Rs.1,916.949	It should be accounted the understated machinery value	Accept. It will be corrected in the final account for the year 2019

accounted as Rs.478,354 to the machinery account.

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| (iv) | Industrial creditors regarding 05 projects amounting to Rs. 2,196,000 had not been accounted. | It should be accounted correctly. | Accept. It will be corrected in the final account for the year 2019 |
| (v) | The creditors regarding the project of repairing the buildings of Dambulla hotel school had been under accounted by an amount of Rs.480, 545. | The creditors should be accounted correctly. | Accept. It will be corrected in the final account for the year 2019 |
| (vi) | Although the stamp fees for the time period from July to December 2018 was amounting to Rs. 7,154,970 it had been understated by an amount of Rs.3,348,050 due to the stamp fee in arrears accounted as Rs.3,806,920. | The receivable stamp fee should be corrected. | Accept. It will be corrected in the final account for the year 2019 |

1.3.2 Non Reconciled Control Accounts

 Audit Observation

Recommendation

Accounting Officer's
 Commentary

 It had been observed a difference of Rs. 91,424,100 when compare the total amount of Rs. 51,106,279 of 05 accounts subject stated in the financial statements with their relevant schedules supporting documents.

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

 Action will be taken to correct this balances.

(c) Suspense Accounts

Audit observation

Recommendation

Accounting Officer's
Commentary

As at 31 December 31, 2018, the suspense account balance shown in the financial statements was Rs. 12,587,598, but no action had been taken to settle the necessary adjustments in the accounts.

The adjusted account must be settled by making necessary adjustments.

The warehouse receipts have been included in the warehouse account since the inception of the House, but the schedules with respect to the balance of the balance have not been prepared as they have not been removed from the issuing account. That storage balance is shown as uncertain accounts.

(D) Accounts Receivable and Payable

(i) Accounts Receivable

Audit Observation

Recommendation

Accounting Officer's
Commentary

Actions had not been taken to settled the total balance of 06 receivable accounts amounting Rs. 4,005,495 which had continuing from more than 05 years unchanging in the financial statements.

Actions should be taken to collect the receivable balances.

Actions will be taken to recover these balance appropriately of write off.

(ii) Accounts Payable

Audit observation

Recommendation

Accounting Officer's
Commentary

It had not been settled the balances of 03 payable accounts as at the last day of the year under review was amounting to Rs.722, 552.

Actions should be taken to settlement the payable balances.

Actions will be taken to recover these balances appropriately of write off.

1.3.4 Lack of written evidence required for the audit

Audit Observation	Recommendation	Accounting Officer's Commentary
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06 accounting subject worth of Rs. 73,108,172 had not been vouched satisfactorily in audit due to non submission of the 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.

1. 4 Non-compliance

1.4.1 Non-compliance with laws, rules, regulations and management decisions

References To rules and regulations and management decisions	Non-compliance	Recommendation	Accounting Officer's Commentary
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(a) Pradeshiya Sabha (financial and administration)rule			
(i) Rule 71	There was no register of the three-wheelers in the area in terms of the PS-27 form.	It should be maintained a register in accordance with the format PS 27	Action will be taken to maintain a document according to the PS 27 since the year 2019.
(ii) Rule 217	A land and building register has not been updated in terms of PS46 of all lands and buildings owned by the Sabha.	should be maintained a register in accordance with the format PS 46	Action will be taken to maintain a document according to the PS 46 since the year 2019.
(b) Financial Regulations of the Democratic Socialist Republic of Sri Lanka 57 1	Action had not been taken regarding the industrial retention money amount which had expired 02 years.	Action should be taken in accordance with the financial Regulations.	Actions are taking to get the expired deposit amount to the income.

- (c) Public Finance Circular No. 4/2015 dated 14 July 2015
- It had not been taken actions to obtain the insurance by Obtaining competitive bids called by government agencies.
- Actions should be taken according to the circular.
- Action will be taken to call for the prices and obtained the insurance In the year of 2019.

2. Financial Review

2.1 Financial Results

According to the presented financial statements, excess of income over recurrent expenditure for the year ending 31 December 2018 amounted to Rs. 26,149,682 as compared with the corresponding excess of revenue over recurrent expenditure for the preceding year amounted to Rs.17, 139,149.

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 are as follows.

Source of revenue	2018				2017			
	Estimated Revenue	billed revenue	Revenue collected	Total arrears as of December 31 st	Estimated Revenue	billed revenue	Revenue collected	Total arrears as of December 31 st
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Rates aTaxes	3,376,000	2,812,000	2,629,200	182,800	2,540,000	2,734,900	2,555,300	179,600
Rent	2,300,000	2,315,000	2,317,060	1,032,099	1,717,500	2,070,000	1,926,666	1,187,493
License fees	17,050,850	17,339,150	17,001,898	337,251	14,350,000	16,099,792	15,186,165	922,026
Other Revenue	503,550	327,500	246,500	81,000	175,000	153,000	445,050	25,800
Total	23,230,400	22,793,650	22,194,658	1,633,150	18,782,500	21,057,692	20,113,181	2,314,919

2.2.2 Performance in revenue collection

Audit Observation	Recommendation	Accounting Officer's Commentary
(a) A revenue amount of Rs.91,700 had not been collected from 131 three-wheelers in the year under review.	The arrears three-wheeler charges should be collected.	Actions will be taken to resolve the issues relating to the three wheeler parking lot and to collect the relevant amount

(b)	The business taxes had not been collected from the 02 hotels for the year 2018 until 30 November 2018.	The arrears business taxes should be collected.	Actions will be taken to collect the taxes after getting the money reports from those hotels.
2.2.3	Rent ----- Audit observation ----- The arrears rent regarding the rent out the Sigiriya car park was amounting to Rs.1, 044,160 which had to be received from several years.	Recommendation ----- Arrears rent should be collected.	Accounting Officer's Commentary ----- This case had been filed at the Dambulla high court.
2.2.4	License Fees ----- Audit observation ----- The receivable environmental license fee was amounting to Rs. 148,000 and the business license fee was amounting to Rs. 189,251 as at the end of the year under review.	Recommendation ----- Arrears license fee should be collected.	Accounting Officer's Commentary ----- The relevant agency has been informed to recover this money
2.2.5	Other Income ----- Audit observation ----- The arrears rent of the three wheeler park for the year under review amounted to Rs. 81,000.	Recommendation ----- The arrears -wheeler parking charges must be collected	Accounting Officer's Commentary ----- Actions will be taken to recover the relevant money after solving the problems with the three-wheeler parks and the quantity.
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 3 of the pradeshiya sabha act.		

(a) By-Laws

Audit observation

Recommendation

Accounting Officer's
Commentary

Under Section 126 of the Pradeshiya Sabha Act, by-laws were to be enacted to fulfil 30 main issues, but by December 31, 2018, only 19 matters were enacted.

In matters where no by-laws are should be enacted, by -laws

I will take steps to enact by-laws regarding matters that have not been enacted by now.

(b) Sustainable Development Goals

Audit observation

Recommendation

Accounting Officer's
Commentary

The sabha did not implement a systematic program to achieve the Sustainable Development Goals and Goals During the year under review.

It should be achieved the sustainable development goals by identifying them.

Necessary provisions have not been made in the budget in this regard and action will be taken to allocate funds for this purpose.

3.2 Management Inefficiencies

Audit Observation

Recommendation

Accounting Officer's
Commentary

(a) It had not been determined the responsible persons for the accident regarding the accident of a cab according to the financial Regulation 104(1)(a)

The loss should be recovered by identifying the responsible parties.

Actions will be taken to do the relevant inspection in the future.

(b) While it had not been taken actions according to the financial regulation 104(1)(a) regarding the accident of backholoder ,and while it had received an amount of Rs.50,000

The loss should be collected from responsible parties.

Relevant task will be done as soon as possible.

as claim from the insurance company the repairing had not been carried out.

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| (c) | The responsible persons had not been recognized regarding the occurring too pay an amount of Rs.292,069 according to the court order of MR-226 at the district court of Dambulla. | The loss should be collected from responsible parties. | 104 Financial Regulations have been initiated in respect of the loss |
| (d) | Actions had not been taken regarding the shortage of goods worth of Rs.389,195 that had revealed by the good survey of the year 2018. | The loss should be collected from responsible parties. | Inspections had started to identifying the responsible parties regarding this loss. |

3.3 Human Resource Management

Audit Observation	Recommendation	Accounting Officer's Commentary
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(a) Employee Vacancies and Excess

It had 19 vacancies in 10 positions in the sabha as at 31 December of the year under review.	The vacancies should be filled.	Actions had made to recruit for the positions which had stated.
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(b) Staff Who Had Not Permanent

Even though it had passed more than 05 years when recruiting the 08 employees for 05 posts, they had not been permanent due to the qualifications had not been fulfilled according to the service minute.	They should be permanent as appropriate.	Relevant actions are making to permanent the relevant employees.
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(c) Employee Loan Balances

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| (i) | The total outstanding balance of the officers who have been transferred , retired and suspended was amounting to Rs. 199,129 | Employee loans must be recovered. | I will inform the heads of relevant institutions to recover these loans |
| (ii) | An amount of Rs.32, 847 belonging to 10 employees for a long period had not been recovered. | Employee loans must be recovered. | The employees have been informed to recover these loans |

3.4 Asset Management

3.4.1 Assets Which Could Not Documented

Audit observation -----	Recommendation -----	Accounting Officer's Commentary -----
Action had not been taken to include a in to the fixed assets register a cab worth of Rs.2,500,000 which owned to the sabha	It should be included in to the fixed assets register.	Actions should be taken to include in a fixed assets register.

3.4.2 Idle and Underutilized Assets

Audit observation -----	Recommendation -----	Accounting Officer's Commentary -----
(a) One block-stone machine, two cabs, one motorbike, one garbage truck and a Mahendra cab were idle without any use.	Unused assets must be disposed	Will take appropriate action regarding these machines
(b) Three public library buildings which had been completed at a cost of Rs. 7,982,385 with the funds of Provincial Specific Development and Pradeshiya Sabhas have been closed without any use	it should be opened to public use.	These library buildings will be vested with the public as soon as possible

3.5 Visual Disorders

----- Audit observation -----	----- Recommendation -----	----- Accounting Officer's Commentary -----
Actions had not been taken regarding the fuel misuse by the driver in charge of the vehicle that day when carried out the fuel combustion test on 05 December 2018 of a lorry of the Sabha.	Legal action must be taken immediately.	I will conduct a preliminary inquiry in this regard and take legal action.