

Bulathkohupitiya Pradeshiya Sabha

Kegalle District

1. Financial Statements

1.1 Presentation of Financial Statements

The financial statements for 2018 were submitted to the auditor on 28 March 2019 and the Auditor General's summary report on those financial statements was sent to the chairman on 31 May 2019 and the detailed management audit report on 25 June 2019.

1.2 Qualified Opinion

In my opinion, except for the effects of the matters described in basis of qualified opinion section of this report, the financial statements give a true and fair view of the financial position of the Bulathkohupitiya Pradeshiya Sabha as at 31 December 2018 and its financial performance for the year then ended in accordance Generally Accepted Accounting Principles.

1.3 The basis for a Qualified Opinion

(a) Accounting Deficiencies

Audit Observation	Recommendation	Comments of the Accounting Officer
(i) Preparation of Stamp Duty Schedule for 2015 to 2018 no credit provision was made for the amount of Rs.187,300.	Action should be taken to make available credit provisions.	Necessary action will be taken to prevent such shortcomings in the future.
(ii) The amount of Rs.746,897 in instalments payable to the Local Credit Development Fund for the previous year had been accounted as refundable deposits.	Accounts must be properly prepared.	The answer had not been received.

(iii) Capital grant Rs.163,409,224 received from the Gama Naguma Project in the year under review which had been accounted under the deposit.	Accounts must be properly prepared.	Allocations for development projects under the funding of other institutions will be recorded with capital assistance from next year
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(iv) The guarantee from employees was Rs. 77,900 not included in the financial statements.	Accounts must be properly prepared	Accounts have been opened for the deposits of the employees and employees who are being bailed out.
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(b) Contingency Liabilities

Audit Observation -----	Recommendation -----	Comments of the Accounting Officer -----
No information had been disclosed in the financial statements as at 31 December 2018 of the two external parties.	Contingent liabilities must be disclosed in financial statements.	Action will be taken to account the contingent liabilities from next year onwards.

(c) Unrecognised accounts

Audit Observation -----	Recommendation -----	Comments of the Accounting Officer -----
The balance of the seven accounting items included in the financial statements at the end of the year under review was Rs. 20,971,230 was the difference.	Action should be taken to correct the differences in the balance.	The final account formulation is based on documents for each subject and not the Board survey report.

1.4 Non-Compliance

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

Reference to Laws, Rules, Regulations and Management Decisions	Non-compliance	Recommendation	Commenting at the Accounting Officer
Urban Development Authority Act No 41 of 1978 (i) Section 10	No Action had not been taken to extend the period of 10 Land Development Licenses or obtain compliance certificates by the end of the year under review.	Shall act in accordance with the Act.	Your views are not the same as yours.
(ii) Section 67	According to the provisions of the Act, only 22 compliance certificates were issued for 400 approved building applications from 2007 to 2018. .	Shall act in accordance with the Act	Your views are not the same as yours.
(b) Financial Regulations of the Democratic Socialist Republic of Sri Lanka			
Financial Regulations 1646	Running Charts were not presented to the Auditor General at the end of the year under review in with 10 vehicle.	Compliance with the Financial Regulations.	Your comments are correct.
(C) Public Administration Circulars (i) Circular No. 09/2009 dated 16th April 2009	As of May 7, 2019, fingerprint machines were not used to confirm the arrival and departure of officers.	Should be act accordance to the provisions of the circular .	Action will be taken to purchased a fingerprint machine.

(ii) Paragraph 3.1 of the Circular No. 30/2016 dated December 29, 2016	A fuel consumption test has not been carried out on 07 vehicles owned by the Saba.	Should be act accordance to the provisions of the circular.	Fuel testing has been carried out on four vehicles and the fuel testing of three inactive vehicles has failed.
(D) Paragraph 02 of the Commissioner of Local Government Circular no;1988/22 dated 17 May 1988.	The assessment had not been carried out after 2009.	Should be act accordance to the provisions of the circular.	These have already been requested from the Department of Valuation.

2 Financial Review

2.1 Financial results

According to the financial statements presented, the income beyond the recurrent expenditure of the Sabha for the year ended 31December 2018 was Rs.5,081,841 and correspondingly, the revenue over recurrent expenditure of the previous year was Rs. 2,680,855.

2.2 Revenue Administration

2.2.1. Estimated Revenue, Billed Revenue, Accumulated Revenue and Deficit Revenue

Details of Estimated Revenue, Billed Income, Gross Income and Arrears of Revenue for the year under review and the previous year are given below.

Source of Revenue	Estimated Revenue	Billed Revenue	Revenue Collected	The deficit as at 31 December	Estimated Revenue	Billed Revenue	Collected Income	The deficit as at 31 December
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	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Rates And Taxes	1,735,400	1,351,669	1,761,554	140,075	1,445,560	1,350,362	1,767,982	108,979
Rent	1,540,950	1,540,950	1,064,297	523,465	1,757,300	1,442,751	1,442,751	523,465
License fees	298,100	277,768	277,768	-	362,700	259,532	259,532	-
Others	39,056,888	36,260,941	36,260,941	19,893,307	38,612,644	27,607,972	27,607,972	4,275,571

2.2.2 Revenue collection performance

Audit Observation

Although balance of two income subjects as at January 1, 2018 was Rs. 545,557, revenue collected for the year was Rs. 9,142. Hence performance of collecting deficit revenues was low.

Recommendation

Action should be taken to improve the performance of deficit collection.

Comments of the Accounting Officer

Accept your comments regarding the performance of the revenue collection.

2.2.3 License fee

Audit Observation

According to a survey of industries and businesses conducted in the year under review, 25 EPLs were issued without license. Rs.100,000, the council had lost.

Recommendation

Steps need to be taken to issue environmental permits to industries and businesses.

Comments of the Accounting Officer

Agencies that have not obtained environmental licenses have been notified, some are not functioning and some have taken action to obtain licenses.

2.2.4 Court fines and stamp fees

Audit Observation

The court fines and stamp fees payable by the Chief Secretary of the Provincial Council and other officials as at 31 December 2018 are Rs.4,515,751 and Rs. 15,377,556 were.

Recommendation

Fines and Stamp Duty should be recovered.

Comments of the Accounting Officer

Sabaragamuwa Provincial Council has made a written request for this money.

3. Operating review

3.1 Performance

Following are the observations on the functions of the Council to regulate and administer public health, public utility services , public roads, the welfare of the people, convenience and welfare of the people under section 3 of the Pradeshiya Sabha Act.

(a) By-laws

Audit Observation

Although by-laws should have been enacted to fulfil 09 main matters under section 126 of the Pradeshiya Sabha Act, accepted by- laws had been only adopted at 31 December 2018.

Recommendation

Action should be taken to enact by-laws.

Comments of the Accounting Officer

The by-laws of the crematorium have been approved by the Governor Four more laws are in the making.

(b) Action Plan

Audit Observation

Recommendation

Comments of the Accounting Officer

Even though the Pradeshiya Sabha has prepared an annual action plan, Unable to prepare for a year-end progress report, it was not possible to examine reach expected targets.

A progress report should be prepared.

Since there is no need to prepare a performance report to implement the Annual Plan, I will submit a Performance Report for the year 2019 as no report has been prepared.

(c) Solid Waste Management

Audit Observation

Recommendation

Comments of the Accounting Officer

A fence and gate were not built around the Solid Waste Management Center and non-decaying waste such as plastic and polythene were not properly disposed of.

A fence and gate around the Solid Waste Management Center should be constructed and maintained.

Action will be taken to build a protective fence in the future.

(d) Environmental issues

Audit Observation

Recommendation

Comments of the Accounting Officer

As Sabha had not a suitable place for disposal of gullies there gully services had been given the persons who owns suitable place for dumping the disposal of gullies.

A suitable place for disposal of gullies should be established.

Since there is no suitable land to dispose of, there is a possibility.

(e) Sustainable Development Goals

Audit Observation	Recommendation	Comments of the Accounting Officer
The Global Exhibition for the Sustainable Development Initiative has been designed to improve the liveliness and health of the people of the region, but could not be implemented due to lack of funds.	Action should be taken to achieve the Sustainable Development Goals.	Accept your comments.

3.2 Human Resource Management

Audit Observation	Recommendation	Comments of the Accounting Officer
No action had been taken to fill 06 vacancies in 06 categories of approved staff by the end of the year under review	Action should be taken to fill the vacancies.	Institutions had been aware the regarding of these vacancies but have not been completed the vacancies till the date .

3.3 Assets Management

3.3.1 Non Confirm security of the Assets

Audit Observation	Recommendation	Comments of the Accounting Officer
(a) No action had been taken to protect and utilize the land of 10 Rudd 02 perches which had been given to the House for public purposes by the land auctions in 2006.	The assets of the sabha should be protected when used.	Security fence will be made after verifying through asset survey.
(b) According to the fixed assets register, ownership and consistency in connection with 84 common wells had not been	A survey of the assets of the Saba should be carried out to ascertain the	An investigation is underway to identify these 84 wells

confirmed by the survey. existence of ownership.

3.3.2 Non Acquiring Assets

Audit Observation	Recommendation	Comments of the Accounting Officer
The ownership of the 09 given vehicles to the sabha of value amounting to Rs.42,609,063 from Sabaragamuwa Provincial Council and the Ministry of Local Government has not been taken over .-	Action should be taken to take over the ownership of vehicles.	Accept your comments.

3.3.3 Idle Assets

Audit Observation	Recommendation	Comments of the Accounting Officer
The 02 vehicles value amounting of Rs.3,955,318 had been in idling for 3 years.	Appropriate action should be taken for idling vehicles.	Accept your comments.

3.3.4 Vehicle Utilization

Audit Observation	Recommendation	Comments of the Accounting Officer
Although the Sabba had 11 vehicles, the actual number of vehicles had been underutilized due to 04 actual drivers.	Action should be taken to make use of the vehicles of the sabha.	Accept your comments.

3.5 Procurement

3.5.1 Procurement Plan

Audit Observation	Recommendation	Comments of the Accounting Officer
The procurement plan had not been prepared for the year 2018 and the value amount of Rs.1,622,463 purchasing had been made for the year.	A procurement plan must be prepared.	Accept your comments

4 Accountability and good governance

4.1 Audit and Management Committee

Audit Observation	Recommendation	Comments of the Accounting Officer
Audit and Management Committee meetings had not been held for the year 2018.	Audit and Management Committee meetings should be held in accordance with the circulars.	Accept your comments.