

**Biyagama Pradeshiya Sabha**

-----  
**Gampaha District**  
-----

**1. Financial Statements**

**1.1 Presentation of Financial Statements**

The financial statements for the year 2018 had been presented for audit on 29 March 2019 and the summary report of the relevant Auditor General's report and the management report had been forwarded to the Chairman on 30 June 2019 and 16 September 2019 respectively.

**1.2 Qualified Opinion**

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

**1.3 Basis for qualified opinion**

**(a) Accounting Deficiencies**

	<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
	-----	-----	-----
(i)	The cost of 106 types of goods to be disposed of as per board of survey report had not been removed from the accounts.	Cost should be removed.	Future action will be taken.
(ii)	Fixed assets valued of Rs.5,973,584 constructed during the year had not been accounted.	Assets should be accounted.	Will be accounted next year.
(iii)	A difference of Rs.21,322,018 existed between balances of 06 items of accounts and the schedule.	Action will be taken to reconcile and rectify.	Will be examined and rectified.

## 1.4 Accounts Receivable and Payable

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
Action had not been taken to settle debtors of 1 to 3 years amounting to Rs.11,285,631 and creditors amounting to Rs.31,637,564.	Accounts receivable to be recovered and account payable to be settled.	Balances of 1 to 3 years will be removed.

## 1.4 Non compliance

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

Instances of non-compliance with laws, rules, regulations and management decisions appear below.

<b>Reference to Laws, Rules, Regulations and Management Decisions</b>	<b>Non-compliance</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
Financial Regulation 371 of the Democratic socialist Republic of Sri Lanka	Sub imprest of Rs.795,218 had not been settled.	To act according to Financial Regulation	The project (Multipurpose building) had not been completed. Advance will recovered in final payments.
Financial Regulation 571	Action had not been taken regarding deposits of Rs.2,863,547 over 02 years.	To act according to Financial Regulation	Future action will be taken.

## 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 2018 year under review amounted to Rs.142,915,121 as compared with the excess of revenue over recurrent expenditure of the preceding year amounting to Rs.94,521,294.

## 2.2 Financial Control

-----

### Audit Observation

-----

Cheques for Rs.64,732 issued in December 2014 and January 2015 had been realized next month. But not entered in the cash book. This had been shown as unrealized in the bank statements.

### Recommendation

-----

Should be adjusted and corrected.

### Comments of the Accounting Officer

-----

Will be corrected in future.

## 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	2018				2017			
	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.
Rates and Taxes	77,752,222	81,010,773	89,250,071	29,039,953	75,598,163	82,175,598	85,504,030	37,279,250
Rent	5,058,860	5,101,750	4,677,487	10,910,880	4,738,860	4,788,947	4,667,967	10,485,518
Licence Fees	2,469,000	3,798,671	3,833,671	3,333,297	2,447,000	3,057,244	3,232,844	3,368,297
Other Revenue	243,621,656		273,382,966	-	234,545,600	-	203,382,096	-

### 2.3.2 Performance in Revenue Collection

-----

The revenue recovered by the Sabha during the previous year was Rs.296.7 million and it was Rs.371.1 million during the year under review showing an increase of Rs.74.4 million. A stamp fee of Rs.150 million was the main reason.

### 2.3.3 Rates and Taxes

-----

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
----- Out of the previous year's arrears of Rs.37,279,250 only 21 per cent had been recovered during the year under review.	----- Arrears of rates should be recovered.	----- The total arrears recovered in 2018 was Rs.26,745,510.77 That was 71.74 percent, of the total that is, Rs.37,279,250. Out of the computerized rates of Kadawatha Sub office in 2016 and 2017, rates of fields. religious sites, sabha's properties and express way had been omitted in 2018. As a result, there was decrease.

### 2.3.4 Rent

-----

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
----- The total arrears was Rs.6,560,426 The stall owners had filed court cases for Rs.4,420,942.	----- Arrears should be recovered.	----- Balances are being recovered.

### 2.3.5 Industrial and Trade Tax

-----

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
----- The sabha had not taken action to settle balances of Rs.3,090,660 over 10 years.	----- Should be efficiently recovered.	----- This is being written off as per letter of secretary, Ministry of Local Government.

### 2.3.6 Other Revenue

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
The sabha had failed survey to the towers and recover fees. Trade tax and rates had not been recovered from the towers identified. Rs.172,692 only had been recovered from 15 towers during the current year.	Action should be taken to identify towers and recover fees.	Action will be taken in future to identify towers and recover fees.

### 2.3.7 Licence Fees

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
Environmental licences had not been issued for 71 establishments till 14 May 2019 for which trade licences had been issued in 2018.	Should identify and issue environmental licences.	Recommendations had been made to issue licences to establishments coming under Part "C" of the gazette No.1534/18 of 01 February 2008 issued by the environmental Authority.

## 3. Operating Review

### 3.1 Performance

According to Section 3 of the Pradeshiya Sabha Act the following matters were revealed with regard to functions to be performed by the Sabha regarding regularization and administration of public health, common amenities services and public highways, health facilities of the public, facilities and welfare etc.

#### (a) Bye-Laws

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
Bye-Laws had been enacted for only 08 out of 30 main functions required as per section 126 of the Pradeshiya Sabha Act even as at 31 December 2018.	Bye-laws should be prepared for action to be taken.	The bye-laws of Western Province is adopted.

**(b) Action Plan**  
-----

<b>Audit Observation</b> -----	<b>Recommendation</b> -----	<b>Comments of the Accounting Officer</b> -----
Action plan had not been prepared for pre-schools, crematoriums, libraries and sports grounds as per bye-laws.	Action plan should be prepared for fulfilling sabha's objectives.	The action plan for 2019 contains functions to be executed by the sabha.

**(c) Solid Waste Material Management**  
-----

<b>Audit Observation</b> -----	<b>Recommendation</b> -----	<b>Comments of the Accounting Officer</b> -----
Bye-laws had not been enacted for disposal of garbage. Action had not been taken according to the solid Waste Material Management Authority Enactments of Western Province. No 01 of 2007 and gazette No.1713/11 of 05 July 2011. Fees or tax had not been charged and supervisory committee had not been appointed.	Garbage management to be done according to the existing laws and rules.	2019-2023 sustainable development corporate plan had been prepared and is being implemented.

**3.2 Management Inefficiencies**  
-----

<b>Audit Observation</b> -----	<b>Recommendation</b> -----	<b>Comments of the Accounting Officer</b> -----
Instead of purchasing a lorry, lorries had been obtained on hire. Rs.3,647,600 had been paid for road sector vehicle hire alone during the current year.	Should be purchased as it is necessary.	A new lorry will be purchased in future by considering the matter.

### 3.3 Human Resources Management

-----

Audit Observation	Recommendation	Comments of the Accounting Officer
-----	-----	-----
(a) (i) Vacancies for the posts of 04 Revenue Inspectors and 01 librarian existed in the approved cadre. There was excess of 01 technical officer and excess of 01 development officer. Vacancies in the primary level were, 02 field labourers and 01 sanitary labourer.	Vacancies should be filled.	Approval of the commissioner of Local Government is sought to fill vacancies.
(ii) Permanent appointment had been granted to 10 sanitary labourers of primary grade, 01 field labourer, 03 pre-school assistants totally numbering 14 in terms of the Public Administration Circular No.25/2014 of 19 December 2014. But, approval of the Director general of management services had not been obtained for inclusion in the cadre in terms of paragraph 05 of the circular.	Should be included in the approved cadre.	It had been informed that new cadre will be introduced for the sabha, without including these appointments. Requested to show these separately in the quarterly reports.
(b) Three loan balances of Rs.43,015 over 5 years existed due to vacation of posts.	Action should be taken to recover employee's loans.	Informed to pay the amount.
(c) Security deposits of Rs.40,585 of 05 officers on retirement and security deposits of Rs.33,873 of 5 officers on transfer had not been released till end of the year.	Security deposits of those who are not in services should be released.	Action will be taken to release in future.

### 3.4 Assets Management

-----

#### 3.4.1 Failure to Acquire Assets

-----

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
----- Action had not been taken to acquire assets valued at Rs.4,716,000 granted to the sabha by the central Environmental Authority even by 16 may 2019	----- Should acquire assets.	----- Prompt action is being taken to acquire this tractor and trailer.

#### 3.4.2 Annual Board of Survey

-----

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
----- Action had not been taken to verify tools and accessories and enter into accounts.	----- Actual stock should be accounted.	----- Action will be taken to enter actual stock.

### 3.5 Procurement

-----

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
----- (a) An agreement should be signed in terms of procurement guidelines 8.9.1(b) 2006. However, an air conditioner had been supplied and installed for Rs.2,779,378 without written agreement.	----- Action to be taken in terms of government procurement guidelines.	----- Action will not be taken in terms of chapter of procurement guidelines 2006 for air conditioners. Service agreement had been signed.
(b) Purchase not included in the procurement plan of current year had been made and there were 26 instances where purchases included in the plan had not been made.	Purchase should be included in the procurement plan.	Will be rectified in future.

### 3.5.1 Contract Administration

-----

#### Audit Observation

-----

Out of the 50 projects approved in addition to the general fund projects, 16 projects had not been completed.

#### Recommendation

-----

Approval should be obtained and agreement signed for the proposed projects.

#### Comments of the Accounting Officer

-----

“PUJITHA PURAWARA” project is being implemented. 11 projects had not entered into agreements. Therefore, the Divisional Secretariat had stopped them.