

## Divulapitiya Pradeshiya Sabha

### Gampaha District

#### 1. Financial Statement

##### 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 Auditor general on the financial statements and the detailed management report had been forwarded to the chairman on 14 June 2019 and 16 September 2019 respectively

##### 1.2 Qualified Opinion

In my opinion, except for the effect of the matters described in the basis for qualified opinion section of this report, the financial statements give a true and fair view of the financial position of the Divulapitiya Pradeshiya Sabha 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

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
(i) The fixed assets of Rs.50,795,074 received by the Sabha as donation had not been credited to the Donation Account.	Should be correctly brought to account.	Action had been taken to correct it by journal entries.
(ii) The value of 09 land of the Sabha had not been assessed and brought to account.	Correct value should be brought to account.	Action will be taken to bring it to account in 2019.
(iii) A difference of Rs.5,239,443 existed between the balance of 08 items of accounts and the balance in the subsidiary registers.	Action should be taken to reconcile accounts by rectifying the differences in balances.	The value of 08 items of accounts amounting to Rs.7,979,676 were balances prior to 2015. Action will be taken to settle.

## 1.4 Non – compliance

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### Non – compliances with Laws, Rules, Regulations and Management Decisions

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Reference to Laws, Rules, Regulations and Management Decisions	Non – compliance	Recommendation	Comments of the Accounting Officer
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#### Financial regulation of the Democratic Socialist Republic of Sri Lanka

(a)	371	Impress balance of Rs.6,583,258 over 03 years had not been settled.	Action should be taken to settle impress.	Accepted action will be taken to rectify this in future.
(b)	571	Action had not been taken regarding balances of Rs.6,117,897 over 02 years in the General Deposit Account	Action Should be taken according to the financial Regulation	Accepted action will be taken to rectify this in future.

## 2. Financial Review

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### 2.1 Financial Results

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According to the financial statement presented, the excess of recurrent expenditure over revenue of the Sabha for the year ended 31 December 2018 amounted to 40,618,153 as against of revenue over recurrent expenditure of the preceding year amounting to Rs.30,618,984.

### 2.2 Financial Control

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Audit Observation	Recommendation	Comments of the Accounting Officer
Action had not been taken to settle the balance of dishonoured cheques amounting to Rs.121,102	The dishonoured cheques should be through to its previous position as per financial regulation.	Accepted. Action will be taken to rectify this in future.

## 2.3 Revenue Administration

### 2.3.1 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				2019			
	Estimated Revenue	Revenue Billed	Revenue Collected	Total arrears as at 31 December	Estimated Revenue	Revenue Billed	Revenue Collected	Total arrears as at 31 December
Rates and taxes	10,150,985	10,521,241	10,439,903	81,338	11,812,000	13,070,057	12,726,268	343,789
Lease rent	6,676,303	6,967,641	6,954,734	12,906	5,694,000	6,023,013	5,918,300	104,713
Licence fees	1,564,544	1,925,064	1,925,064	-	1,100,000	1,949,108	1,949,108	-
Other revenue	58,813,707	65,529,022	65,529,022	-	45,879,000	52,892,443	52,892,443	-

### 2.3.2 Performance in Collection of Revenue

Audit Observation	Recommendation	Comments of the Accounting Officer
(a) About 99 percent of the revenue billed amounting to Rs.84,942,968 had been collected during the year. But, the progress in recovery of arrears of revenue of the previous year amounting to Rs.4,489,370 was at a low level of 25 percent	Activities relating to recovery of arrears of rates should be efficiently done.	The approval of the Minister in charge of the subject, Local Government had been obtained to write off the arrears of balance of Rs2,803,557 which cannot be legally recovered.
(b) Out of the arrears of revenue of Rs.1,264,260 of the Divulapitiya sub office as at 31 December 2018, the balances over 10 years representing 90 percent amounted to Rs.1,138,800	Recovery of balances of arrears of revenue should be efficiently done.	Action will be taken to recover arrears of revenue of the Divulapitiya Sub office as at 31 December 2018

### 2.3.3 Rates and Taxes

Audit Observation	Recommendation	Comments of the Accounting Officer
Out of the arrears of balance of rates and taxes of Rs.253,010 as at 31 December 2018, arrears of balances between 5 – 10 years amounted to Rs.54,887 and Rs.90,651 related to over 10 years.	Action should be taken to recover balance of arrears of revenue.	Action is being taken to recover arrears of rates and taxes.

### 2.3.4 Rent

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
Out of the arrears of all rent of previous years, 98 percent representing Rs.2,719,302 had not been recovered even by the under review.	Arrears of rent should be recovered or written off.	Approval of the minister in change of the subject local government had been obtained to write off lease rent of Rs.2,392,606 by his letter dated 11 May 2019.

### 2.4 Surcharges

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
The shaba had paid Rs.163,876 as surcharges due to non remittance of Contributions to the Employees Provident fund as regained.	Action should be taken to recover the amount concerned.	Surcharges amounting Rs.163,876 had been paid by cheque No.468526 vide voucher No.976 of 6 June 2018. A Sum of Rs5,902 had been recovered. A further sum if Rs.158,785 was due as at 31 December 2018.

## 3 Operating Review

### 3.1 Performance

The following matters were related with regard to ties to the fulfilled by the Sabha in terms of Section 3 of the Pradeshiya Sabha such as Public Health and control of matters relating to public health, common amenities and public highways, healthy environment of the public, facilities, welfare etc.,

#### (a) Bye – Laws

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting officer</b>
bye-laws were needed to be enacted for 30 main functions under Section 126 of the Pradeshiya Sabha Act, But bye-laws had been enacted for 09 functions only as at 31 December 2018. According to the bye-laws	Necessary bye – laws should be erected	Accepted Action plan had been prepared for all bye – laws.

enacted, action plan had not been project for 09 functions.

**(b) Action Plan**

**Audit Observation**

Twelve projects tube executed as her action plan of the year under review had not been executed

**Recommendation**

Projects should be executed.

**Comments of the Accounting officer**

It had been decided at the general council meeting held on 11 December 2018 that 18 projects should be implemented in lieu of project not executed.

**(c) Takes Abandoned**

**Audit Observation**

A Sum of Rs.6,000 had been paid to an employee of the sabha to trained at the NERD to operate the bio gas unit prepared with the consultancy of the National Engineering research Development Institute (NERD) in 2013 by spending Rs.499,657. But, the expected results had not been obtained even 21 May 2019 and the task had been abandoned.

**Recommendation**

Action should be taken to Operate the bio – gas unit with the Consultation of the NERD

**Comments of the Accounting officer**

Action will be taken in future to obtain instructions from the NERD in order to operate the bio – gas unit

**(d) Solid Waste Material Management**

**Audit Observation**

An expenditure of Rs.63,836,580 had been incurred on solid waste material management during the year under review. Of this, Rs.62,807,866 had been spent on behalf of the staff. This represented 61percent of the salaries of the total staff.

**Recommendation**

Action should be taken to increase production and sale of compost fertilizer and to decrease expenditure.

**Comments of the Accounting officer**

Action id being taken to increase revenue from sale of fertilizer by improving sales promotion programs for sale of compost. Non degradable wax papers and plastic ware at the Naawana compost sector are bundled and sent to the Holcium company.

**(e) Environmental Problems**  
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<b>Audit Observation</b> -----	<b>Recommendation</b> -----	<b>Comments of the Accounting officer</b> -----
(i) An environmental licence had not been obtained for the premises where the garbage had been disposed	Action should be taken to obtain environmental licences	Accepted
(ii) Trade licences had been issued to 106 establishments which had been issued environmental protection licences	The method issue environmental protection licences and trade licences should be regularized	Some of those trade centres are engaged in obtaining environmental protection licences. Action is being taken to bring awareness among other traders for obtaining environmental protection licences.

**(f) Public Complaints**  
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<b>Audit Observation</b> -----	<b>Recommendation</b> -----	<b>Comments of the Accounting officer</b> -----
Out of the 174 public complaints received during the year under review, 118 complaints remained unresolved. Accordingly the progress in resolving public complaints was at a low level of about 32 percent.	Action should be taken to resolve the unresolved public complaints.	Action will be taken in future to inquire into public complaints and to resolve them.

**(g) Sustainable Development Targets**  
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<b>Audit Observation</b> -----	<b>Recommendation</b> -----	<b>Comments of the Accounting officer</b> -----
Sustainable Development Plan for 2019 – 2023 had been prepared for the Sustainable Development target as per agenda of 2030. But, Sustainable Development Project had not been executed during the year under reviews	The Sustainable Development targets Should be achieved	Sustainable Development Plan for 2019 – 2023 had been prepared for the Sustainable Development target as per agenda of 2030. Relating to the Sustainable Development target

### 3.2 Human Resources Management

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting officer</b>
(a) Vacancies in 24 posts consisting of 04 literariness, 03 revenue inspectors, 01 field work supervisor and 16 labourers existed as at 31 December 2018.	Action should be taken to fill vacancies.	Action taken to fill vacancies
(b) Permanent appointments had been granted to 14 primary labourers in terms of the circular of the Public Administration No 25/2014 of 19 December 2014. However, this had not been reported to the Director General of Management Services for inclusion 05 of the said circular	The method of recruitment should be recognized	Requests had been made for approval by the Development of Management Services.
(c) The balances of employees remaining un recovered for 02 to 20 years included Rs 139,944 due from 08 officers who had expired/vacated posts and the balance of Rs.38,169 due from 03 officers who had gone on change of station transfers.	Recover loan balances	Reply not furnished

### 3.3 Assets Management

#### 3.3.1 Assets not Acquired

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting officer</b>
Seven vehicles valued at Rs.44,044,173 including 02 vehicles obtained from the Ministry of Public Administration, 04 vehicle obtained from the	Action should be taken to acquire vehicles	Action will be taken to acquire those vehicles during this year

Ministry of local Government and 01 vehicle obtained from the Secretary, Western Province had not been acquired even by 21 May 2019

### 3.3.2 Idle/Under Utilized Assets

Audit Observation	Recommendation	Comments of the Accounting officer
Five tractors of the Pradesiya Sabha valued at Rs.1,500,000 , 03 dilapidated trailers and a dilapidated house remained idle. No action, whatsoever, had been taken in this regard even by 21 May 2019	Idle vehicles should be regularly removed	All vehicle except 03 vehicles that are being used will be removed.

### 3.3.3 Identified Losses

Audit Observation	Recommendation	Comments of the Accounting officer
(a) Unidentified shortages of stock of general Stores valued at Rs.22,021,294 and electricity stores valued at Rs.913,921 were in as per final accounts of the year under review.	Action should be taken to identify shortage and make recoveries from the officers concerned	Action should be taken in future by Finding out the unidentified stores
(b) Penalties amounting to Rs.290,726 had been paid during the year under review for delay in payment of value added tax amounting to Rs.1,458,023 for year 2002,2003,2006, and 2007	Action should be taken to recover the penalties from the officers concerned	Accepted.