

Gampaha 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 25 February 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 30 may 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 Gampaha 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

	Audit Observation -----	Recommendation -----	Comments of the accounting officer -----
(i)	Non currents assents understated by Rs.1,888,580 in the financial statements of the year under review.	Correct value should be brought to account.	Action will be taken to rectify in 2019.
(ii)	Buildings worth Rs.647,767 constructed from the funds of the Sabha had not been accounted as fixed assets.	Should be included in the accounts as fixed assets.	Action will be taken to rectify in the final accounts of 2019.
(iii)	The sum of Rs.262,170 not included in the General Deposits Account had been refunded to 44 depositors by debiting the General Deposits Account. As such, the balance of the General Deposits Account as at 31 December of the year under review had been decreased by Rs.262,170	Should be correct by adjusted in the account.	Corrected by Journal Entry No.52
(iv)	The values of land of 01 Acre, 01 Rood and 29.29 perches obtained by the Sabha for common amenities during auctioneering of 6 lands, 5 tractors and 7 trailers had not been confirmed and brought to account.	The value should be assessed and included in the account.	Action will be taken to fill the vacancies in 2019.

- (v) Balance receivable included Rs.11,609,387 of 1 to 3 years and Rs.1,487,049 of 3 to 5 years and the balance payable included Rs.27,290,249 of 1 to 3 years. Action should be taken to recover balances receivable and to settle balances payable. Action will be taken to find out those Balance from documents and to settle in future.
- (vi) A difference of Rs.4,747,563 existed between the balance of 08 items of accounts shown in the financial statements as at 31 December 2018 and the balances as per subsidiary registers. Action should be taken to reconcile the difference in the related balances so as to rectify accounts. Differences between the accounts and the schedule should be examined very soon for rectification.

1.4 Non – compliance

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

Reference to Laws, Rules, Regulations and management Decisions	Value	Non – compliance	Non- Compliance	Recommendation
Financial regulation of the Democratic Socialist Republic of Sri Lanka	Rs. 9,012,220	Half yearly lists had not been prepared for lapsed deposits	Should act according to the requirements of the financial regulations.	Half yearly list will be prepared and submitted for 2019.

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 amounted to Rs.83,695,147 as compared with the excess of revenue over recurrent expenditure of the preceding year amounting to Rs.66,591,252.

2.2 Financial Control

Audit Observation

The objective of the Sabha is to spend the funds of the Sabha enable the public of the area to obtain maximum benefits. However, Rs.22,848,604 had been invested in 06 fixed deposits of the

Recommendation

Pre planned investments should be made.

Comments of the accounting officer

Will be utilized for activities relating to the development of the area after maturity.

National Savings Bank and Rs.11,758,743 had been deposited in a fixed deposit of the People's bank.

2.3 Revenue administration

2.3.1 Estimated Revenue, Revenue Billed, Revenue collected and the arrears of Revenue

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	18,539,500	18,600,577	17,198,554	36,354,071	18,543,690	18,399,205	19,627,496	35,364,629
Rent	9,629,200	8,055,013	9,255,499	3,289,138	10,335,518	8,204,817	9,737,221	3,694,348
Licence Fees	1,351,000	770,490	1,267,717	1,000	1,284,475	525,550	1,031,573	-
Other Revenue	92,750,600	-	2,838,900	-	86,685,000	-	8,854,423	-

2.3.2 Performance of Collections of Revenue

Audit Observation	Recommendation	Comments of the accounting officer
The estimated revenue for the year under revenue amounted to Rs.122million where as the billings amounted to Rs.27 million. The revenue collected amounted to Rs.19 million. The collection of revenue was 15.5 percent as compared the annual estimates.	The revenue should be collected as planned	Action will be taken to increase the trend in collection of revenue from this year.

2.3.3 Rates and taxes

	Audit Observation	Recommendation	Comments of the accounting officer
(a)	The rates billed for the current year amounted to Rs.13.5 million and the revenue collected amounted to Rs.6.6 million. Out of the areas of rates and taxes of Rs.35.4 million, Rs.5.9 million had been collects during the current year. Accordingly, the collection of arrears of revenue was at a low level of 16 percent.	Arrears of revenue should be efficiently collected.	Action will be taken to improve the value than the value shown in the performance valuation.

- (b) Accordingly to the age analysis of the arrears of rates the balance of arrears as at 30 June 2019 amounted Rs.36,565,032 which included arrears of balances of Rs.73,914,881 of 5-10 years and Rs.16,828,820 of over 10 years. Action should be taken to recover arrears of balances According to the age analysis as at 30 June 2019, the balances of 5-10 years amounted to Rs.7,391,484 and balances of over 10 years amounted to Rs.16,828,819

2.3.4 Stall Rent

Audit Observation

Recommendation

Comments of the Accounting officer

- (a) The balance of arrears of stall rent as per financial statements of the year under review amounted Rs.2,559,182 which included Rs.517,592 of 5-10 years and Rs.679,629 of over 10 years. Action should be taken to recover the arrears of stall rent due. The general council had decided it suitable write off balances of over 10 years preliminary investigations are being held regarding 06 stalls demolished.
- (b) Arrears of balances due from 02 stall holders from January 2002 to August 2007 amounted to Rs.784,000 as per financial statements. This had not been recovered even by 10 June 2018. Action should be taken to recover long outstanding arrears. Investigation are being held now.

2.3.5 Other Revenue

Audit Observation

Recommendation

Comments of the Accounting officer

Telecommunication
Towers

- (i) All telecommunication towers of the authoritative area of the Sabha had not been identifies and fees recovered accordingly in terms of section V of schedule of the Gazette Extra Ordinary No.1597/8 of 7 April 2009. Action should be taken to recover fees from all telecommunication towers. Action will be taken to recover from 2019.

- (ii) Action had not been taken to carry out a survey of telecommunication towers within the area of the henarathgoda sub office of the Sabha so to earn revenue. Action should be taken to earn revenue as identifies at the survey. A survey of telecommunication towers had not been done the Henarathgoda sub office. Action will be taken to earn revenue accordingly.

2.3.6 Environmental License

Audit Observation	Recommendation	Comments of the Accounting officer
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(a) Environmental license had not been obtained by 110 trade establishment for which trade licence had been issued for 2018.	Action should be taken to obtain environmental licence.	Necessary action will be taken in future to obtain environmental licence by all establishments which had obtained trade licences.
(b) The validity period of 38 out of 92 environmental licence issued by the Sabha had expired.	Follow up action should be taken to renew licence of license rulers.	Necessary action will be taken to pay attention to environmental licence which had expired.

3 Operating Review

3.3 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

Audit Observation	Recommendation	Comments of the Accounting officer
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Although bye-laws were needed to be enacted for 30 main functions in terms of section 126 of the Pradeshiya Sabha Act, 15 bye-laws had been enacted by 31 December 2018	Function to be fulfilled should be included in the action plan	Necessary action will be taken to enact the remaining bye-laws.

without enacting by-laws for 15 functions.

(b) Action Plan

----- Audit Observation -----	----- Recommendation -----	----- Comments of the Accounting officer -----
Although an action plan had not been prepared for the current year, 15 functions for which bye – Laws had been enacted had not been included in the action plan.	Action should be taken according to the action plan.	Action will be taken in future to include those functions also in the action plan.

(C) Delay in Execution of Tasks

----- Audit Observation -----	----- Recommendation -----	----- Comments of the Accounting officer -----
Although provision amounting to Rs.75.5 million had been made in the budget of the current year for construction of a library building the plan only had been prepared during the year under review.	Work to be accomplished should not be delayed.	Loan amounting to Rs.10,000,000 had been requested from Local Loans Development Fund to construct the library building. But the Local Loans Development Funds had informed that this project proposal had not been forwarded to the loans committee and the commissioners meeting due to the political reasons during October 2018.

(d) Solid Waste Material Management

----- Audit Observation -----	----- Recommendation -----	----- Comments of the Accounting officer -----
(i) The Sabha’s daily collection of garbage is 13-14 tons. But, attention had not been paid for compost production by using the degradable garbage.	Action should be paid for production of compost fertilizer.	Action will be taken in future to publish newspaper advertisement to obtain a suitable land for this purpose.
(ii) Garbage tax or fees had not been levied in terms of gazette Notifications No.1560/06 of 30 July 2008, 1534/18 of 01	Action should be taken regarding public complaints.	Prompt action will be taken to resolve the complaints remaining unattended.

February 2008 and
1713/11 of 05 July
2011

3. Management Inefficiencies

Audit Observation	Recommendation	Comments of the Accounting officer
The sabha had paid Rs.372270 as water charges which included water bills of 36 stalls .A method to recover charges from stall holders had not been adopted	The stall holders should pay the expenditure.	Water supply Board supplies water stall holders pay the bills.

3.3 Operating Inefficiencies

Audit Observation	Recommendation	Comments of the Accounting officer
The number of registered persons for galie bower in 2018 was 86.It 03 days per week is considered 156 days could be done for a week. The sabha had taken is to 51 days to 51 days to provide services.	Necessary and promote should be done.	Galie bowser was inoperative The services could not be obtained

3.4 Assets management

3.4.1 Assets not registered

Audit Observation	Recommendation	Comments of the Accounting officer
Six blocks of land of 01 acre, 01 and 29.29 perches allocated during auction had not been resisted.	All assets of the sabha should be registered.	Deed no 2468 had been registered. Deeds for 03 blocks except 5144 and 336 are not available. Declaration deeds are being prepaed.

3.4.1 Revenue not obtained from assets

Audit Observation -----	Recommendation -----	Comments of the Accounting officer -----
Four stalls of Ground floor of weliweriya public market and 04 stalls of the pradeshiya sabha were without benefit for 04 to 05 years.	Action should be taken to economically and efficiently used.	Local tender had been called for 3 rd time.

3.4.3 Assets not acquired

Audit Observation -----	Recommendation -----	Comments of the Accounting officer -----
Five vehicles given by the ministry of local government totalling Rs.45,717,101 six vehicle to centred Environmental Authority and 02 vehicles totalling Rs 2,750,000 totally numbering 13 had not been acquired by 10 June 2019.	Vehicles should be acquired.	The institution had been informed about acquirement.

3.4.4 Annual Board of survey of goods/stocks

Audit Observation -----	Recommendation -----	Comments of the Accounting officer -----
It was observed at verification that 460 books valued at Rs.66933 at Galahitiyawa public library and 58 books valued at Rs.2050 at Henarathgoda public library had been misplaced.	Should be recovered from offices.	Action will be taken to find out whether actually misplaced.

3.5 Uneconomic Transactions

Audit Observation	Recommendation	Comments of the Accounting officer
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A camera had been installed at kathuruwatta pre mix sector during the current year for rs.500,250 with the objective of supervision and administration. The self-recoding of data was one week without scenes .The objective had not been achieved.	Economic and effective expenses should be made.	Camera system will be observed Through mobile telephone, when obtained. Valuable vehicles and machinery. Security service is provided to avoid losses.

3.6 Irregular transactions

Audit Observation	Recommendation	Comments of the Accounting officer
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Deposits of 116 balances valued at Rs.2, 278,484 had been credited to revenue by write off in accounts.	Should be written off with authority.	Schedule obtained later.Rs.22484 had been brought to deposit account by journal entry no.55.

3.7 Procurement

3.7.1 Procurement plan

Audit Observation	Recommendation	Comments of the Accounting officer
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Purchases of Rs. 4539000 included in the procurement plan had been made during the year.	Purchases should be according for the procurement plan.	Two hand carts will be purchased in 2019. Payments had been made for Ayurveda medicine and stores materials.

3.7.2 Contract Administration

Audit Observation

Recommendation

Comments of the Accounting officer

Out of the 497 projects approved for 2018, 116 projects had not been commenced even by 10th June 2019.

Necessary approval will be obtained to complete.

Gamperaliya projects numbering 2016 had been obtained on 19th October 2018. Approval not obtained to commence.