

Dambulla Pradeshiya Sabha

Matale District

1 Financial Statements

1.1 Presentation of the Financial Statements

The financial statements of the year 2019 had been presented to the audit on the 29 May 2020 and the summary report of the Auditor General had been presented to the Chairman on 29 May 2020 and the detailed management report regarding the financial statements had been presented to the Chairman on 31 May 2020.

1.2 The Qualified Opinion

I am in an opinion that, except the effect on the financial statements of the matters referred under the section in 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 2019 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
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(i) Both accounts had been understated by an amount of Rs.98,080 each since debiting to the accumulated surplus account and crediting to the debtors; account when correction the error of understating the industrial debtor balance of the year 2017 by an amount of Rs.49,040.	The accounts should be corrected.	It will be corrected in the financial statements for the year 2020.
(ii) It had been overstated the industrial debtors by an amount of Rs.2,115,018 and industrial creditor balance by an amount of Rs,2,121,705 belonging to the five projects under the Special Needs Class Village Program	The accounts should be corrected.	It will be corrected in the financial statements for the year 2020.

(iii)	The creditor balance of the project of developing the road at middle of Pidurangala village had been over accounted by an amount of RS.1,200,000.	The accounts should be corrected.	It will be corrected in the financial statements for the year 2020.
(iv)	The value of Rs.1,500,000 of the sanitary toilet had not been capitalized.	The accounts should be corrected.	It will be corrected in the financial statements for the year 2020.
(v)	Machinery and equipment and furniture and fittings worth of Rs.115,330 had not been capitalized.	The accounts should be corrected.	It will be corrected in the financial statements for the year 2020.
(vi)	Industrial creditors relating 24 industries under the program of strengthening the Pradeshia Sabha had been understated by an amount of Rs.25,977,222	The accounts should be corrected.	It will be corrected in the financial statements for the year 2020.

1.3.2 Non Reconciled Accounts

Audit Observation

Recommendation

Accounting Officer's

Commentary

It had been observed a difference of Rs.17,838,538 of 02 accounts balances 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 in accounts and schedules

I inform you that the action will be taken to correct this accounts.

(c) Suspense Accounts

Audit observation

Recommendation

Accounting Officer's

Commentary

The debit balance of Rs.12,587,598 which had remained as at the end of the previous year in account of the store suspense had been brought forward without settling.

The account of the store suspense should be corrected by investing the reasons for the difference.

The warehouse receipts have been included in the warehouse account since the inception of the Sabha, 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. So, it had informed as there had been maintained the account by including the receiving and issuing relating the year while showing the balance of the stores account as separate suspense account

1.3.4 Lack of written evidence required for the audit

Audit Observation

Recommendation

Accounting Officer's

Commentary

The acceptable evidence relating 06 accounting subjects worth of Rs.41,243,599 had not been presented to the audit.

It should be submitted the written evidence to verify the account balances in the financial statements

Answers had not been given.

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
(a) Section XXIV -1.6 of the Establishment Code of the Democratic Socialist Republic of Sri Lanka	A loan amount of Rs.252,460 which should be received from an officer who had transferred had not been settled.	Arrears employee loan balances should be collected.	I inform you that the necessary actions had been taken to recovered loan balances.
(b) Financial Regulations of the Democratic Socialist Republic of Sri Lanka104(1)	Whike 02 vehicles of the Sabh had been faced acidents within the year under review the responsible parties had not been identifying by doing an investigation.	Responsible should be identify by taking action according to the Fr.	It had been requested for appoint an investigation officer to start the investigation.
(c) gazette no.2104 dated on 28 December 2015 of the Democratic Socialist Republic of Sri Lanka	Although the area of the authority of the Dambulla Praeshiy Sabha had been identified as developed area actions had not been made for collect the rates.	Action should be taken to collect the rates.	While it had been taken in to a map by identifying the zone of rates, I inform you that the rates will be charged after assessing.

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 2019 amounted to Rs.29,922,945 as compared with the corresponding excess of revenue over recurrent expenditure for the preceding year amounted to Rs.26,149,682.

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	2019				2018			
	Estimated Revenue	billed revenue	Revenue collected	Total arrears as at 31 December	Estimated Revenue	billed revenue	Revenue collected	Total arrears as at 31 December
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Rates and Taxes	2,000,000	2,000,000	-	2,000,000	-	-	-	-
Rent	2,145,000	2,402,542	2,402,542	-	1,950,000	1,965,000	1,965,000	-
License fees	26,687,550	27,203,607	26,010,278	1,193,329	16,426,150	16,459,450	15,958,699	500,751
Other Revenue	46,481,800	24,331,307	12,014,375	12,316,932	25,528,250	22,768,600	14,683,030	8,085,570
Total	<u>77,314,350</u>	<u>55,937,456</u>	<u>40,427,195</u>	<u>15,510,261</u>	<u>43,904,400</u>	<u>41,193,050</u>	<u>32,606,729</u>	<u>8,586,321</u>

2.2.2 Tender Fees

Audit observation

A tender fee amount of Rs.1,029,120 which had to be received from 02 vehicle parks within the period of 05 years had not been recovered.

Recommendation

Arrears tender fee should be collected.

Accounting Officer's Commentary

I inform you that it will be collected after finding out the informations.

2.2.3 License Fee

Audit observation

The receivable tourist hotel fee of RS.914, 529, Licence fee of Rs.97,800 and notice board fee of Rs.181,000 had been remained arrears as at the end of the year under review.

Recommendation

The arrears must be collected.

Accounting Officer's Commentary

While it had been collected an amount of Rs.1,014,729 from the arrears currently, action will be taken to recover the remained unpaid amount promptly.

3 Operational review

3.1 Performance

Following are the observations on the performance 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

Under Section 126 of the Pradeshiya Sabha Act, by-laws were to be enacted to fulfil 30 main issues, but only 19 matters had been enacted as at 31 December 2019.

Recommendation

By laws must be enacted in all matters and the actions of the Sabha must be done efficiently.

Accounting Officer's Commentary

I will take steps to enact by-laws regarding matters that had to be enacted bylaws by now.

(b) Solid Waste Management

Audit observation	Recommendation	Accounting Officer's Commentary
While it had been expended an amount of Rs.7,791,677 for solid waste management within the year 2019 as short term expenses, actions had not been taken to enacted an appropriate procedure for dispose the non-decaying garbage formally or sold out.	Waste management should be done in proper manner.	I inform you that the non-decaying waste had been given to the unit of disposing after separating properly.

3. 2 Management Inefficiencies

Audit Observation	Recommendation	Accounting Officer's Commentary
Further actions had not been started regarding the court case relating the non-payment of the amount of Rs.398,294 which had to be owed for Sigiriya car park rent in the year 2013.	The arrears rent must be collected promptly by finishing the legal actions..	The case was adjourned dueto the absence of the accused and an appeal is scheduled to be heard again.

3. 3 Operational Inefficiencies

Audit Observation	Recommendation	Accounting Officer's Commentary
Actions had not been taken according to the Financial regulations 104 regarding the deficit amount of Rs.389,195 which had revealed by the good survey in the year 2018.	The responsible parties should be decided as per the FR.	While the investigation of FR104 have been ongoing in this regard and future action will be taken accordingly.

3.4 Human Resource Management

Audit Observation

Recommendation

Accounting Officer's
Commentary

(a) Employee Vacancies and Excess

It had 17 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.

(b) Employee Loan

The loan amount of Rs.252,460 which had due from an officer who had transferred had not been recovered.

Employee loan should be collected promptly.

Comments had not been given.

3.5 Assets Management

3.5.1 Idle and Underutilized Assets

Audit observation

Recommendation

Accounting Officer's
Commentary

05 vehicle owned to the Sabha had been remained idle.

Action should be taken to disposal or taking other appropriate action regarding the idle/underutilized assets.

Will take appropriate action regarding these machines.

3.6 Procurement

Audit observation

Although it should be. Limited for the listed companies when making purchase under the market price determination method according to the 3.4(3)(c) of the procurement guide lines of the Democratic Socialist Republic of Sri Lanka, goods and equipment worth of Rs.754,535 had been purchased within 04 occasions in the year under review without taking actions accordingly.

Recommendation

The priority must be given to the listed companies.

Accounting Officer's
Commentary

Accepted. I inform you that from those purchases, the tyre and the electric equipment had been done by the listed companies.