

Dodangoda Pradeshiya Sabha

Kaluthara District

1. Financial Statements

1.1 Presentation of Financial Statements

The financial statements for the year 2019 had been presented for audit on 28 February 2020 and the summary report of the Auditor General on the financial statements and the detailed management report had been forwarded to the Chairman on 13 August 2020 and 30 September 2020 respectively.

1.2 Qualified Opinion

In my opinion, except for the effect of matters described in the part, basis for qualified opinion section of this report, the financial statements give a true and fair view of the financial position of the Dodangoda Pradeshiya Sabha as at 31 December 2019 and its financial performance for the year then ended in accordance with Generally Accepted Accounting Principles.

1.3 Basics for the Qualified Opinion

a) Accounting Deficiencies

Audit Observations	Recommendations	Comments of the Accounting Officer
<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
i. The cost of 73 Lands and Buildings recognized during the year under review had not been stated in the Financial Statements.	The Accounts should be prepared accurately.	Inform that it would be corrected in the year 2020.
ii. 08 inventory items valued of Rs.994,679 had not been entered in the Financial Statements.	The Accounts should be prepared accurately.	Inform that it would be corrected by the Final Accounts of the year 2020.
iii. Actions had not been taken to remove the value of 81 Items sold and Removed according to the Board of Survey Report as at 31 December 2018 by the Financial Statements for the year under review.	The Accounts should be prepared accurately.	Inform that it would be corrected by the Final Accounts of the year 2020.
iv. Rs.410,939 and Rs.465,596 had been understated respectively when capitalizing the construction of the Employees Restroom and the Weekly Fair Stalls.	The Accounts should be prepared accurately.	Inform that it would be corrected by the Final Accounts of the year 2020.

1.4 Non Compliances

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

Reference to Laws, Rules, Regulations and Management Decisions	Value Rs.	Non Compliances	Recommendations	Comments of the Accounting Officer
(a) <u>Pardeshiya Sabha</u> (Financial and Administrative) Rules 1988 Rule No.218		All the lands and Buildings had not been inspected at least once a year.	Actions should be taken according to the rules.	Inform that actions would be finished before 30 September 2020.
(b) Gazette No.1533/16 dated 25 January 2008		Actions had not been taken to issue 43 License for institutes that should obtain Environmental License.	Actions should be taken according to the Gazette Notice.	Inform that this task had been updated.

2. Financial Review

2.1 Financial Results

According to the financial statements presented for the year ended 31 December 2019, the excess of revenue over recurrent expenditure of the Sabha amounted to Rs.20,531,261 as compared with the corresponding excess of revenue over recurrent expenditure of the preceding year amounting to Rs.20,915,086.

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	2019				2018			
	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.
(i) Rates and Taxes	10,462,000	10,027,384	9,544,058	483,325	7,065,00	6,842,605	6,277,557	565,048
(ii) Rent	2,594,000	2,720,421	2,684,971	35,450	2,010,000	2,056,971	1,996,671	60,300
(iii) Licence Fees	1,313,600	452,828	452,828	-	1,076,500	795,028	795,028	-
(iv) Other Revenue	49,828,250	39,568,412	7,496,751	32,071,660	37,244,500	39,054,749	9,174,658	29,880,090
Total	64,197,850	52,769,045	20,178,608	32,590,431	10,151,500	48,749,353	18,243,914	30,505,438

2.2.2 Performance in Revenue Collection

Audit Observations	Recommendations	Comments of the Accounting Officer
Rates in arrears between 1 -3 years on 778 units of Rs.468,015, rates in arrears between 4-10 years on 148 units of Rs.284,338 and rates in arrears over 10 years on 221 units of Rs.418,239 had been incurred in the balance of the rates in arrears as at 31 December 2019.	Rates in arrears should be recovered as soon as possible.	Actions should be taken to recover these arrears during the next few months as far as it could be.

2.2.3 Court Fines

Audit Observations	Recommendations	Comments of the Accounting Officer
The Court Fines Income receivable as at the year under review had been Rs.21,500,280.	The income in arrears should be recovered.	These arrears had been occurred because of billing an amount more than the amount received in the preceding years. This process had been delayed due to the prevailing covid-19 pandemic situation.

3. Operating Review

3.1 Performance

The following matters were revealed with regard to duties to be fulfilled by the Sabha in terms of Section 3 of the Pradeshiya Sabha Act, such as regularization and control of matters relating to public health, public utility services and public thoroughfares, public comfort, convenience and welfare.

Audit Observation	Recommendation	Comments of the Accounting Officer
(a) <u>Action Plan</u> A regular action plan had not been made on the process of projects.	An action plan should be made accurately.	Inform that agreed.
(b) <u>Solid Waste Management</u> A Compost Project had not been implemented for the decayed garbage. The collection of garbage had not been done throughout within the authority of the Sabha and it had been received only Rs.260,400 income by imposing	The Solid Waste Management should be regulated.	The Problem of no proper land to dispose Garbage had been occurred to this Sabha also. The documents to obtain a land had been

the garbage tax. A by-law had not been imposed for the Solid Waste Management and an Environmental License had not been obtained for the Land where the garbage had been dumped. Also the garbage had been disposed as damaging the environment around a Marshy Land.

forward to the Ministry of Provincial Council.

3.2 Management Inefficiencies

Audit Observations

Action had not been taken to appoint any Community Committee for 45 Grama Niladari Divisions.

Recommendations

Community Committees should be appointed.

Comments of the Accounting Officer

Inform that this task had not been completed even though an officer had been appointed and the task had been assigned by the Office of the Assistant Commissioner of Provincial Council.

3.3 Human Resources Management

Audit Observations

Employee Vacancies

(a) Actions had not been taken to fill 07 Vacancies on 07 Posts.

Recommendations

Actions should be taken to fill the vacancies in essential posts.

Comments of the Accounting Officer

Inform that actions would be taken to fill the vacancies.

(b) Employees had been appointed on the Substitute Basis and expended Rs.983,508 on the salaries without a proper approval from the Department of Local Authorities.

The appointments should be done for the vacancies within the approved cadre and by the approval of the Department of Local Authorities.

The Approval for the appointments had been obtained by the monthly general meeting and the approval from the Commissioner of Local Authorities had been obtained for the time in the future.

3.4 Assets Management

3.4.1 Inspection on Library Books

Audit Observations

Orders of the Board of Survey on books did last in the year 2017 had not been processed even though an Annual

Recommendations

Actions should be taken according to the Circular.

Comments of the Accounting Officer

Inform that this task would be completed before 31

Board of Survey for the Libraries should be carried out and the Board of Survey Report should be processed within 03 months according to the Section 03 of the Circular No.2004/ප්‍රස්/1 of the National Library and Documentation.

August 2020.

3.4.2 Uneconomic Transactions

Audit Observations

54 Tires and 38 Tubes had been purchased during the year under review without evaluating the need of Tires and Tubes and it had been left as closing stock of 69 Tires and Tubes without using valued Rs.813,650 at the end of the year.

Recommendations

The purchasing should be done considering the annual need.

Comments of the Accounting Officer

Inform that 10 Tires had been issued in the year 2020 out of the tires left.

3.4.3 Identified Losses

Audit Observations

An extra expense of Rs.594,450 had been spent on 397 CFL and LED Street Lamp Sets each valued of Rs.1,858,000 without a certified assessment of the quality, based on the recommendation of the Finance Committee for a price higher than the lowest price.

Recommendations

When purchasing goods for a price higher than the lowest considering the quality it should be verified through a Technical Evaluation Committee Report.

Comments of the Accounting Officer

Samples had been given only by two institutes. The Finance Committee had checked the samples and decided.

3.5 Audit Observations Not Resolved

Audit Observation

Orders given by the Provincial Committee on Public Accounts on the Paragraph 2.4(a) and (e) in the Auditor's Report in the year 2011 and the Paragraph 2.1.1(a) in the Auditor's Report in the year 2012 had not been implemented as at 01 June 2020.

Recommendation

Actions should be taken to make the corrections.

Comments of the Accounting Officer

Actions would be taken to make the corrections.