

Dodangoda Pradeshiya Sabha

Kalutara District

1. Financial Statements

1.1 Presentation of Financial Statements

Financial Statements for the year under review had been submitted to Audit on 26 March 2015 while Financial Statements relating to the preceding year had been submitted on 26 March 2014. The Auditor General's Report relating to the year under review was sent to the Secretary of the Sabha on 30 June 2015.

1.2 Opinion

In my opinion, except for the effect of the matters described in paragraph 1.3 of this report, financial statements give a true and fair view of the financial position of the Dodangoda Pradeshiya Sabha as at 31 December 2014 and its financial performance and cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

1.3 Comments on Financial Statements

1.3.1 Accounting Deficiencies

Following matters are observed.

- (a) When making payments for a sum of Rs. 3,969,731 during the year under review for which provision for Creditors had not been made during the preceding year, Sundry Creditors Account had been debited.
- (b) Provision for Creditors had not been made for expenditure payable amounting to Rs. 547,602 at the end of the year under review.
- (c) Although the Stamp Fees Account had been debited in a sum of a sum of Rs. 14,438,404 as correction of unbilled Stamp Fees for the period from the year 2008 to the year 2013, in analyzing the Stamp Fees Account, the total of amounts over received had been Rs. 12,172,314.

2. Financial Review

2.1 Financial Results

According to the Financial Statements presented, excess of revenue over recurrent expenditure for the year ended 31 December 2014 amounted to Rs.7,035,198 as compared with the corresponding excess of revenue over recurrent expenditure for the preceding year amounted to Rs. 3,569,580.

2.2 Financial Control

Action in terms of Financial Regulation 571 had not been taken with regard to balance of Time Lapsed Deposits amounting to Rs. 2,340,569 for more than two years.

2.3 Revenue Administration

2.3.1 Estimated Revenue, Actual Revenue and Arrears of Revenue

Information as furnished by the Secretary relating to Estimated Revenue, Actual Revenue and Arrears of Revenue are shown below.

	Item of Revenue	Estimated	Actual	Cumulative Arrears as at 31 December
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		Rs.'000	Rs.' 000	Rs. '000
(i)	Rates and Taxes	3,453	2,603	5,948
(ii)	Lease Rent	583	467	136
(iii)	Licence Fees	109	162	-
(iv)	Other Revenue	-	-	-

Meat Stalls Rent and Stalls Rent in arrears amounting to Rs. 41,334 shown in the Balance Sheet as at 31 December 2014 had not been included in the Lease Rent shown above.

2.3.2 Rates

While the balance of Rates in Arrears as at 31 December 2014 was Rs. 5,947,675, a sum of Rs.1,112,252 only had been recovered as at 24 February 2015, date of audit out of those balances. While there were 225 Rates Units with balances more than Rs. 5,000 outstanding, total of those amounted to Rs.4,381,077.

2.3.3 Acreage Tax

While the balance of Acreage Tax in Arrears as at 31 December 2014 was Rs. 579,119, out of those there were 136 Tax Payers with balances in arrears for than Rs. 1,000.

2.3.4 Trade Centers Rent

- (a) While the assessed value for trade stalls of the Sapugahawatta Market Complex had been increased by 5 per cent, Sabha approval had not been obtained for that.
- (b) Out of 14 stalls there, 8 stalls since June 2012 to April 2013 and another stall since the year 2013 to date of audit in February 2015, had not been taken on lease by any lessee.
- (c) At the field audit inspection carried out on 20 February 2015 it was observed that only 07 stalls had been opened for trading activities while 02 stalls had been closed, with trading materials and that 06 stall were empty without any trading materials.

2.3.5 Court Fines and Stamp Fees

Amounts Receivable from the Chief Secretary of the Provincial Council and other authorities as at 31 December 2014 were as follows.

	Rs.
Court Fines	13,717,529
Stamp Fees	9,772,392

3. Operating Review

3.1 Contracts Administration

- (a) Piyakaru Purawara Project
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The Sabha had prepared an estimate for Rs. 497,840 for beatifying the Urban Garden and the Project had been fulfilled under PiyakaruPurawara Program.

Six Garden Benches had been purchased for a sum of Rs. 143,975 on 05 September 2014 and fixed without revising the original estimate or without getting approval for extra works. At the physical inspection carried out with the Technical Officer on 26 February 2015 it was observed that the floorboards had been cracked in 06 places of 02 benches and iron parts had got rusted. It had not been certified that these benches were of good standard at the time of certifying payment.

(b) 799 C 300 Eladoowa Oruwa Tibbagoda Road

The above mentioned road had been laid with block stones based on an estimate for Rs. 500,000 under the Maga Neguma Rural Roads Program. According to the estimate, the road had been 86 meters long and 2.5 meters wide. The works of the Project had been finalized by the contractor on 07 December 2014 by the contractor.

Following observations are made.

- (i.) At the physical inspection of the road carried out with the Technical Officer on 26 February 2015, it was observed that stones of the road had got sunk in 04 places to the extent of 1½ square meters. However, according to item 1 -2 of the estimates a sum of Rs. 20,079 had been estimated for making the road after leveling while a sum of Rs. 19,500 had been recommended according to the Technical Offices payment report for the above work. Residents in the either sides of road stated in front of the Technical Officer that stones were fixed without being compressed at the time of in construction of the road and that places where the road had got sunk get filled with rain water and that it becomes impossible to walk when it rains.
- (ii.) It is required to fill both sides of the road with earth up to shoulder level to make it safe according to Instruction Series of Maga Nequma. However, the road ground was up to shoulder level to the extent of about 35 meters of the full length of the road, while shoulders in two sides of balance parts remained empty. Accordingly, it is questionable as to whether that part of work was done while a sum of Rs. 5,000 had been recommended for that according to the final payment report.

(c) No. 719 A Ablet Watta Road

The above mentioned road had been laid with block stones based on an estimate for Rs. 500,000 under the Maga Neguma Rural Roads Program. According to the estimate, the road had been 86 meters long and 2.5 meters wide. The works of the Project had been finalized by the contractor on 02 December 2014 by the contractor.

Following observations are made.

- (i.) Although a sum of Rs. 20,078 had been estimated for leveling and compressing in laying block stones and had been recommended to make the same amount, within 02 months after finalizing the Project stones had come up above the surface level in some places.
- (ii.) Although a payment of Rs. 38,111 had been recommended for spreading metal dust, those had not been adequately applied.

- (iii.) Although it had been recommended to pay Rs. 5,000 for earth filling on two sides according to Item No. 2.7 of the final payment report, such earth filling had not been done up to first 34.3 meters. Similarly, stones had been fixed and shoulder bund had been made up to the two ends of the road in the second 51 meters and therefore it was not required to do the earth filling there.
- (iv.) Similar to the first road mentioned above, a sum of Rs. 28,810 had been estimated and payment for transport charges too had been recommended. However, it was observed that, this road was not a road with transport difficulties.

3.2 Operational/Management Inefficiencies

- (a) Action had not been taken even up to 30 April 2015, date of audit, to recover advances amounting to Rs. 173,523 and Rs. 2,000 paid during the period from the year 1981 to year 2006 and during the year 2011 respectively.
- (b) Any step had not been taken by the Sabha with regard to shortage of 1899 units of 9 stock items, according to the Board of Survey Report for the year 2012.

3.3 Pradeshiya Sabha Strengthening Program

A sum of Rs. 3,000,000 had been provided during the year 2014 for this program from the Ministry of Local Government and Provincial Councils. While the objective of this Program was to take necessary action for improvement of community infrastructure facilities such as Weekly Fairs, Waste Management, Drainage Systems, Sub-ways, Children's Parks, Common Sanitary and Latrine Facilities, a sum of Rs. 2,506,043 had been spent as at 24 February 2015, date of audit.

Following observations are made in this connection.

- (i.) A sum of Rs. 1,646,165 had been spent for repairs to vehicles, purchase of tires for vehicles and supply of fuel for vehicles, contrary to the objectives of the Program.
- (ii.) Four tyres purchased for Rs. 170,400 for two tractors had not been fixed even up to the date of audit in February 2015.
- (iii.) Purchase of tyres and vehicle accessories had not been documented.

3.4 Vehicles Control

While a sum of Rs. 1,168,569 had been spent for repair expenses, revenue license and insurance charges, for the JCB Machine during the year 2014, the machine had performed 9918 meter hours during the year. Following matters are observed in this connection.

- (i.) Although it was revealed in examination of running charts of the JCB Machine that the machine had been engaged in cutting drains and development of roads in the area of authority of the Sabha during entire 9918 machine hours, estimates and advance programs had not been prepared for those works.
- (ii.) Although certain projects had been recorded as road development works in the running charts, those projects had not been implemented during the year 2014, However, fuel had been obtained for those number of machine hours not performed.
- (iii.) While road development work relevant to projects given on contract basis had been recorded in the running charts, any hire charge had not been recovered for those works.

3.5 Performance

Six Projects approved under Maga Neguma Roads Development Program during the year 2013 had been allowed to continue during the year 2014. The Pradeshiya Sabha had made a similar request to the Ports and Highways Ministry to allow continuation of 158 Projects approved during the year 2014 to the year 2015 as those works were not performed during the year. However those had not been approved even up to 26 February 2015, date of audit.

4. Systems and Controls

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Special attention of the sabha is needed in the following areas of controls.

- (a.) Accounting
- (b.) Revenue Administration
- (c.) Vehicles Utilization
- (d.) Contracts Administration