

Dambulla Pradeshiya Sabha

Matale District

1 Financial Statements

1.1 Presentation of Financial Statements

The financial statements for the year ended 31 December 2015 had not been presented to audit and the financial statements for the preceding year had been presented to audit on 16 May 2016.

1.2 Comments on Operations of Transactions and Performance

1.2.1 Contingent Liabilities

The sum of Rs.292,068 payable to the National Machinery Unit had not been paid and as such the said institution had taken legal action against the Sabha on 21 February 2012. The Sabha had not received the summons and could not appear in the courts. As such, the judgement had been delivered in favour of the complainant. The Sabha had filed a motion on 02 February 2016 in this connection.

2. Revenue Administration

2.1 Rates and Taxes

Action had not been taken to identify the improved places of the area within the authoritative area of the Sabha and to recover rates and taxes accordingly.

2.2 Lease Rent

(a) A sum of Rs.464,442 had been recovered out of the arrears of balances of lease rent of Rs.1,426,662 at the commencement of the year under review. The amount recoverable was Rs.962,220.

(b) The arrears of balances of lease rent as at end of the year under review amounted to Rs.24,590.

2.3 License Fees

The arrears of balances of license fees as at end of the year under review amounted to Rs.5,007,282 of which a sum of Rs.48,950 related to the amount recoverable for the previous year.

2.4 Service Charges

The arrears of balances of service charges as at 31 December of the year under review amounted to Rs.1,851,837.

2.5 Other Revenue

- (a) The local authorities could recover 1% of the tax from the revenue of a hotel or a canteen registered under the Sri Lanka Tourist Development Authority in terms of Section 149 of the Pradeshiya Sabha Act No.15 of 1987. However, the Sabha had taken action to recover 0.3 per cent of the overall revenue of those enterprises during the year under review on a decision made by the Sabha and the approval given by the Chief Minister.
- (b) The balance of arrears of other revenue as at 31 December of the year under review amounted to Rs.6,950,776 and it was the highest value, such as 79 per cent of the total other revenue.
- (c) The Sabha had not paid its attention to collect garbage fees from hotels coming under the authoritative area of the Sabha by framing bye-laws.
- (d) Action had not been taken to frame bye-laws to recover parking charges for three wheelers and vehicles meant for hire.

2.6 Stamp Fees

The court fines and stamp fees due from the Chief Secretary of the Provincial Council and other authorities as at 31 December of the year under review amounted to Rs.4,815,849 and Rs.9,941,070 respectively.

3. Operating Review

3.1 Management Inefficiencies

The following matters are observed.

- (a) A building had been constructed by the Puraneguma project to establish an office for the Pradeshiya Sabha. This had been handed over to the Sabha on 17 March 2015. However, action had not been taken to shift the Sabha to the said office. Instead, the office had been conducted in a building of the Urban Development Authority within the limits of the Urban Council by paying rent. A sum of Rs.871,006 had been paid as salaries to 2 watchers for the period May 2015 to May 2016 to watch this office.
- (b) The loan balances recoverable from 04 officers who had expired/been suspended/vacated posts of the Sabha aggregated Rs.106,065. Action had not been taken to settle this.
- (c) Action had not been taken to fill 05 vacancies of 04 posts of the Sabha.

- (d) The salaries paid to the members and permanent staff of the Sabha had not been reimbursed. As such, the salaries and allowances not reimbursed by the Department of Local Government as at 31 December of the year under review amounted to Rs.4,607,205.

3.2 Operating Inefficiencies

The following matters are observed.

- (a) Thirty seven garbage containers valued at Rs.53,650 had been purchased under the Strengthening of Pradeshiya Sabhas Programme implemented in July 2015. These had not been used. Instead, these had been stacked in the office premises.
- (b) Holiday pay amounting to Rs.53,441 had been paid to 02 officers of the Sabha during the year under review without proper approval.

3.3 Identified Losses

The cab bearing No.WPPF-3330 of the Sabha had met with an accident on 13 April 2015. But, a complete report had not been furnished regarding this accident in terms of the Financial Regulation 104(4) of the Republic of Sri Lanka. The report of the Department of Motor Traffic showed that there was no defects in the vehicle and the police had filed a case in this regard. The agents, that is, the Associated Motorways Private Limited, had furnished an estimate for Rs.6,152,103 to repair this vehicle. However, no follow up action, whatsoever, had been taken although over one year had elapsed since the accident.

Further, an electricity post had been damaged due to this accident. According to the estimates of the Electricity Superintendent of Dambulla the loss caused amounted to Rs.51,868. The last general council meeting held in 2015 had approved the payment for this loss, without examining the loss.

3.4 Contract Administration

The following matters are observed.

- (a) The Niggollayaya road had been renovated by spending Rs.500,000 during the year under review. In this connection, a sum of Rs.9,775 had been paid for an unusual distance of 24 km to transport 915 mm hume pipes under the Work Item No.01. Similarly, a sum of Rs.35,046 had been paid to spread small stones for 177m² under the Work Item No.2.4. But, small stones were not to be seen at the time of the physical verification carried out on 16 October 2015.
- (b) A sum of Rs.143,578 had been paid to the Pannampitiya Farmers' Organization during the year under review to renovate the Janakamnipura Road. In this connection, a sum

of Rs.38,304 had been paid for 144 sq. metres to spread sandy by pouring hot tar on it at the rate of 02 litres per sq. metres, as per Work Item No.04. However, there were pit holes at many places within the final distance of 100 metres. Under the Work Item No.05, a sum of Rs.42,900 had been paid for 300 sq. metres to spread sand and pour hot tar on it at the rate of 01 litre per sq. metres for the second coating. However, the second coating had not been successfully carried out.

- (c) A sum of Rs.200,000 had been paid to the Pannampitiya Farmers' Organization to construct the crematorium during the year under review. In this connection, a sum of Rs.6,309 for 5m² to fill the floor with soil under the Work Item No.10. However, the work relating to the floor had not been carried out. Meanwhile, the entire payment had been made without any retentions.
- (d) A sum of Rs.405,886 had been spent during the year under review to renovate the Gallenawaththa bye-road. Under the Work Item No.02 of this job, a sum of Rs.41,400 had been paid to cut a side drain for a distance of 900 metres. However, it was observed at a physical verification carried out on 16 October 2015 that there was no such side drain. A sum of Rs.114,243 had been paid to spread 337 m³ small stones under the Work Item No.03. However, small stones had not been filled with such a quantity.
- (e) A provision of Rs.4,000,000 had been obtained under the National Programme of Strengthening Pradeshiya Sabhas during the year 2014. The following matters were observed at a verification of the construction carried out on 16 October 2015.
 - (i) The Sabha should have carried out the project under this programme by utilizing its maintenance unit with its own materials and labour. However, the said instructions had not been adhered to. Instead, the project had been carried out by preparing estimates on a profit added basis and awarding the contracts to approved societies.
 - (ii) Although it had been intimated that the projects that cannot be completed before 31 December 2014 would be cancelled and the balance available should be remitted to the Ministry of Public Administration, Local Government and Democratic Administration before 15 May 2015, action had not been taken to remit the balance of Rs.1,802,500 to the Ministry even by 10 June 2015.

3.5 Solid Waste Material Management

A proper method of disposal of garbage had not been implemented and as such the daily collection of garbage had been disposed of, in a state land of the Digampathaha area 3 days a week utilizing the tractor and employees of the Sabha without separating the garbage. The Sabha had not paid its attention towards a garbage recycling method.

3.6 Environmental Problems

The waste material collected by the Pradeshiya Sabha had been disposed of in a state land at Digampathaha area and animals including wild elephants gather at that place to eat them. As a result, those animals as well as the environment gets badly affected.

3.7 Assets Management

(a) Idle and Under Utilized Assets

- (i) The Mitsubishi cab bearing No.53-4724 which had been given to the Army had been returned to the Pradeshiya Sabha during the year 2007. Action had neither been taken to sell it by auction nor to take any suitable steps.
- (ii) The motor grader bearing No. SW-1448 had been inoperative since January 2015. It had been informed that this grader had become unusable as proper periodical service maintenance had not been carried out as per examination reports furnished by the Senok organization. This vehicle remained parked in the premises of the Sabha without action being taken to repair it or to take any other suitable steps.
- (iii) A block stone machine valued at Rs.200,000 used by the Sabha to produce block stones had been lying in the stores without being used.

(b) Annual Board of Survey

The annual board of survey for the year under review had not been carried out even by 19 May 2016.

4. Good Governance and Accountability

4.1 Internal Audit

An officer had been appointed for internal audit activities. But, the officer concerned had also been assigned with other duties pertaining to the Sabha. An audit programme had not been prepared and an internal audit report had not been furnished.

4.2 Implementation of Audit and Management Committees

Although Audit and Management Committees had been established in terms of the letter No. CPC/CLG/1/9/1/4 of 08 August 2014 issued by the Commissioner of Local Government, action had not been taken to conduct meetings.

4.3 Unresolved Audit Queries

Audit queries had been issued to the Sabha during the year under review and replies for 02 of those audit queries had not been furnished. The computable transactions relating to those audit queries were valued at Rs.426,678.

5. Systems and Controls

- (a) Accounting
- (b) Budgetary Control
- (c) Revenue Administration
- (d) Assets Management
- (e) Human Resources Management
- (f) Contract Administration