

Dodangoda Pradeshiya Sabha

Kalutara District

1 Financial Statements

1.1 Presentation of Financial Statements

The financial statements for the year under review had been presented to audit on 17 March 2017 and the financial statements for the preceding year had been presented on 16 March 2016. The report of the Auditor General for the year under review had been forwarded to the Secretary of the Sabha on 29 September 2017.

1.2 Qualified Opinion

In my opinion, except for the effects of the matters shown in paragraph 1.3 of this report, the financial statements give a true and fair view of the financial position as at 31 December 2016 and its financial performance for the year then ended in accordance with Generally Accepted Accounting Principles.

1.3 Comments on Financial Statements

1.3.1 Accounting Deficiencies

The following observations are made.

- (a) A total sum of Rs. 1,820,858 had been shown as creditors in the financial statements by debiting various objects without obtaining goods and services as at 31 December 2016.
- (b) The interest of Rs. 70,479 due on a fixed deposit valued at Rs. 5,000,000 obtained at Bank of Ceylon on 09 November 2016 had not been included in the financial statements.

- (c) Machinery and equipment worth Rs. 163,707 and the furniture and equipment worth Rs. 185,900 purchased in 2016 had not been capitalized.

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 2016 amounted to Rs. 6,859,798 as compared with the excess of revenue over recurrent expenditure of the previous year amounting to Rs. 9,652,945. Accordingly, a decline in financial results amounting to Rs. 2,793,147 was observed.

2.2 Revenue Administration

2.2.1 Estimated Revenue, Actual Revenue and the Arrears of Revenue

The information relating to the estimated revenue, actual revenue and the arrears of revenue furnished for the year under review appear below.

Item of Revenue	Estimated Revenue	Actual	Accumulated Arrears as at 31 December
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	Rs.'000	Rs.'000	Rs.'000
Rates and taxes	3,767	2,940	3,633
Lease rent	682	581	100
Licence fees	138	138	-

2.2.2 Rates and Taxes

- (a) The arrears of rates and taxes as at commencement of the year under review amounted to Rs. 4,592,264. Of this, 40 per cent amounting to Rs. 1,834,321 had been recovered during the year.

- (b) The rates and taxes billed for the year under review amounted to Rs. 2,298,166. Of this, 65 per cent amounting to Rs. 1,487,330 had been recovered.
- (c) The outstanding balance of rates and taxes amounted to Rs. 3,568,370 by 31 December 2016. This included arrears exceeding 3 years, 5 years and 10 years which were Rs. 379,707, Rs.1,639,148 and Rs. 1,073,032 respectively. Accordingly, there was weakness in the recovery of rates and taxes.

2.2.3 Revenue from Publicity Notices

- (a) The fees stipulated for publicity notices recoverable as per Section 4 of the bye – laws relating to the Gazette Extra Ordinary No. 1947/6 of 28 December 2015 of the Democratic Socialist Republic of Sri Lanka had not been recovered by framing bye – laws.
- (b) Test checks carried out on 02 November 2016 with regard to 83 advertisement boards of various sizes appearing at Sapugalawaththa, Dickhena, Pansala Junction close to the Police Station and Thudugala Junction belonging to the authoritative area of the Sabha revealed that the Sabha had not recovered Rs. 140,102 due to it.

2.2.4 Court Fines and Stamp Fees

The amount receivable from the Chief Secretary of the Provincial Council and other authorities appear below.

	Rs.
(i) Court Fines	16,387,258
(ii) Stamp Fees	12,506,302

3. Operating Review

3.1 Operating/ Management Inefficiencies

- (a) Unauthorized dwellers and unauthorized occupation of land allocated to the Sabha for common amenities and crematoriums were in existence. The Sabha had not paid attention to take suitable steps to safeguard the land.
- (b) The Environmental Authority had identified 25 industries within the authoritative area of the Sabha for obtaining environmental licences. Only 05 industries had obtained licences during the recent four years.
- (c) The public health inspectors had obtained advances to raid places where food is sold contrary to the provisions in the Food and Drugs Act and had conducted raids subsequently followed by filing action in court houses. Although fines had been levied, it had not been reported to the Sabha and the Sabha had not taken action to receive the court fines.
- (d) Permission of the Sabha had not been obtained for 7 communication towers installed within the authoritative area of the Sabha.
- (e) According to the paragraph 2.1 of the Development Circular No. 6 of 30 September 1992 issued by the Chairman of the Urban Development Authority and the Directive No. 22(i) of the Gazette Notification No. 393/9 of 10 March 1986 of the said Authority, whenever a land or a portion of it is proposed to be subdivided and sold, not less than 10 per cent of the extent of the land, leaving space for road, should be allocated in a suitable place for community and entertainment activities and the land so allocated should be vested with the Sabha with a vesting deed. However, this had not been done. The following matters were observed at test checks and physical verifications carried out on 25 September 2015 with regard to files connected with auctioneering of land for the past so many years and the deeds confirming ownership.

- (i) The Sabha had not taken action even by 28 August 2017 to obtain the title deeds of blocks of land vested with the Sabha on sub division of land on 07 occasions, the extent of which were 18.2, 67.5, 169.75, 127.5, 146 and 64.4 perches respectively.
- (ii) A physical verification was carried out on 25 September 2015 with regard to the Cadjugahawaththa Kottayahena and the Pettigalawaththa of 126.5 perches and 67.5 perches respectively and it was observed that the boundaries of the land had not been indicated so that it could be clearly identified. The Sabha's name board had not been fixed there so as to show that it is a common place of the Sabha.
- (iii) The Kandanagoda Kele land approved for sub division bearing survey plan numbers of 3,612,005, 3,622,005 were of 602.3 perches. As such, 10 per cent of it, that is, 60.23 perches should have been vested with the Sabha. However, 44 perches only had been vested. A comparison with the 1 per cent tax paid to the Sabha showed that the value of the extent of land not vested with, that is, 16.23 perches amounted to Rs. 292,140.

3.2 Transactions without Adequate Authority

Miscellaneous deposits shown in the schedules, but not shown in the financial statements amounting to Rs. 630,476 had been written off without proper authority.

3.3 Contract Administration

Out of the entire length of the road of 75.2 metres, a length of 49.32 metres had been concreted and the work halted to allow space for construction of a culvert. Again, a length of 30.88 metres had been concreted. The society which undertook the contract had completed the work by 30 June 2015. But, the proposed construction of culvert had not been done even by 28 August 2017.

3.4 Solid Waste Material Management

The following observations are made with regard to the Solid Waste Material Management of the Dodangoda Pradeshiya Sabha.

- (i) Bye –laws had not been framed for solid waste material management.

- (ii) There was no place to dispose of, the garbage of the Sabha. Garbage had been disposed of, at a certain place on the verbal permission of a land owner. An environmental licence had not been obtained for disposal of garbage in that land. Such disposal of garbage had badly affected the surrounding environment.

4. Systems and Controls

Special attention of the Sabha is needed in respect of the following areas of control.

- (a) Accounting

- (b) Revenue Administration

- (c) Budgetary Control