

Dompe Pradeshiya Sabha

----- Gampaha District -----

1. Financial Statements

1.1 Presentation of Financial Statements

The financial statements for the year 2018 had been presented for audition 25February 2019 and the summary report of the Auditor General on the financial statements and the detailed management report had been forwarded to the chairman on 30 may 2019 and 16 September 2019 respectively.

1.2 Qualified Opinion

In my opinion, except for the effect of the matters described in the basis for qualified opinion section of this report, the financial statements give a true and fair view of the financial position of the Dompe Pradeshiya Sabha as at 31 December 2018 and its financial performance for the year then ended in accordance with Generally accepted accounting principles.

1.3 Basis for Qualified Opinion

	Audit Observation	Recommendation	Comments of the accounting officer
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(i)	Thirteen Fixed assets worth Rs.3,493,092 had not been brought to account and Rs.1,336,120 had been overstated.	Fixed assets should be correctly brought to account	Action will be taken to bring to account while preparing accounts for 2019.
(ii)	Five balances of Deposits valued at Rs.162,777 had not been brought to account as per register of deposits.	Deposit balances should be correctly brought to account	Action will be taken to bring to account while preparing accounts for 2019.
(iii)	Debtors' balances of Rs.8,136,746 and creditors balances of Rs.8,136,746 pertaining to 21 projects had not been brought to accounts.	Correct value should be brought to account	Action will be taken to bring to account while preparing accounts for 2019.

1.4 Non-compliance

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

Reference to Laws, Rules, Regulations and Management Decisions	Non- Compliance	Recommendation	Comments of the Accounting Officer
Financial Regulations of the Democratize Socialist Republic of Sri Lanka			
(i) 371(2)	Action had not been taken to settle the balance of advance of Rs.82,656 existing since 2008.	Should not according Financial Regulation	No files or documents were available regarding advances. As such action had been taken to obtain the approval of the commissioner of Local Government to write of the amount.
(ii) 571	Action had not been taken regarding lapsed deposits valued at Rs.1,526,267.	Should not according Financial Regulation	Action will be taken to credit to state revenue the deposits exceeding 02 years. Action will also be taken to prepare half yearly reports.

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 2018 amounted to Rs.26,395,978 as compared with the excess of revenue over recurrent expenditure of the preceding year amounting to Rs.42,615,686.

2.2 Revenue administration

2.2.1 Estimated Revenue

The information relating to the estimated revenue billed revenue collected and the arrears of revenue for the year under review and the previous year appear below.

Source of revenue	2018				2017			
	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.
Rates and Taxes	14,191,940	19,427,587	16,317,043	3,110,544	7,362,314	9,335,959	8,134,508	1,201,451
Rent	4,351,800	52,725,117	52,725,117	-	2,978,950	3,065,150	3,065,150	-
Licence Fees	22,554,540	20,501,387	20,185,266	316,121	14,664,110	9,735,033	9,673,682	61,351
Other Revenue	-	-	-	-	-	-	-	-

2.2.2 Rates and taxes

Audit Observation

Recommendation

Comments of the accounting officer

- (a) The balances of arrears of rates at the Pugoda sub office were Rs.54,874 of over 10 years, Rs.420,024 of 5 – 10 years and Rs.83,220 of 03 to 05 years while those amounts were Rs.7,100 Rs.33,907 and Rs.73556 respectively at the Dompe sub office.
- Action should be taken to recover the balances of arrears.
- Arrears of rated amounting to Rs.156,776 over 10 years were existing at the Pugoda and dome sub offices. Many of these relates to government institutions. Mobile services will be conducted at end of the year and recoveries will be made by distaining orders.
- (b) Included in the arrears of balances of Rs3,110,544 were balances over Rs.10,000 from 09 units of weke sub office and 05 units of pugoda sub office
- Action should be taken to recover the balances of arrears.
- Arrears of over Rs.10,000 had been recovered from 11 units of the we due sub office. Rs.139,859 had been recovered from 08 out of 13 units at the pugoda sub office as at 31 March 2019.

2.2.3 Other Revenue

Audit Observation

Recommendation

Comments of the accounting officer

- (a) Action had not been taken to enact bye – laws and to increase revenue with regard to the telecommunication towers within the authoritative area of the Sabha in terms of gazette extra Ordinary Notification No.1597/8 of 17 April 2009.
- Action should be taken to increase revenue on the basis of gazette notification
- Action will be taken during the course of this year to enact bye – laws, carry out a server in the area so as to increase revenue.
- (b) Fees had not been recovered as per gazette Extra Ordinary Notification No.1597/08 of 17 April 2009 of the Democratic Socialist Republic of Sri Lanka. As a result, revenue of about
- Action should be taken to recover the required fees
- Action will be taken to carry out examination of approved telecommunication towers and losses, if any will be recovered.

Rs.110,000 had been deprived of with regard to 22 approved towers.

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 No.15 of 1987 such as regulation and control of matters relating to public health, common amenities and public highways, healthy environment of the public, facilities, welfare etc.

(a) Bye – Laws

Audit Observation

Recommendation

Comments of the Accounting Officers

Bye-laws were needed for fulfilling 18 main functions under section 126 of the Pradeshiya Sabha Act. But, bye – laws had been enacted for 16 functions by 31 December 2018. It was observed that 02 of these bye – laws were not in an operational level.

Necessary bye – laws should be enacted or used.

Although 18 bye – laws were required to be enacted for 18 main functions in terms of section 126 of the Pradeshiya Sabha Act, 16 bye – laws had been enacted as at 31 December 2018, Bye – laws for recovery of week end fair fees and for the car park will be prepared and enacted soon.

(b) Action Plan

Audit Observation

Recommendation

Comments of the Accounting Officers

Action plan for the 15 bye – laws enacted had not been prepared for fulfilment by the Sabha

Action plan should be prepared according to the bye - laws

Action will be taken to prepare action plan for the bye- laws enacted so as to be fulfilled by the Sabha.

(C) Delay in Execution of Tasks

Audit Observation

Recommendation

Comments of the Accounting officer

The construction Keragala Ayurveda Dispensary with an estimated cost of Rs.1,803,465 commenced on 26 December 2016 had resulted in 66 per cent of completion as at end of the year under review after spending a sum of Rs.1,192,922.

Construction should be done within the period as expected

Intermittent delays had occurred due to the transfers of the supplies officer and the technical officer ¾ the of the work of the building had been completed although it had not been fully completed.

(d) Sustainable Development Targets

Audit Observation

The Sabha was not aware of the 2030 Agenda regarding the sustainable development targets. As such, the long term plan for uplifting the living standards and health of public within the authoritative area of the Sabha through global indicators had not been prepared for 2018.

Recommendation

Action should be taken to prepare plan

Comments of the Accounting Officer

As there was no awareness to implement it during the year under review, plans had been prepared for implementation in 2019.

3.2 Human Resources Management

Audit Observation

- (i) Vacancies in 25 posts existed for 15 years.

Recommendation

Action should be taken to fill vacancies of employees

Comments of the Accounting Officer

A technical officer (Planning) – a lady officer of training grade had been assigned to the vacant post of technical officer by the assistant commissioner of Local Government. Action is being taken to make recruitments for 06 posts for which approval had been obtained.

- (ii) Permanent appointment had been granted to 18 persons for posts in primarily level such as 07 sanitary labourers, 04 watchers, 06 filled labourers and a preparatory school teacher. However, these had not been reported to the director General of Management Services for inclusion in the permanent cadre as per 05 of the said circular.

Action should be taken according to the circular

Permanent appointments had been granted to 18 male and female employees of this institution in terms the public administration Circular No.25/2014 of 19 December 2014. The relevant particulars had been referred to the director General of Management Services for inclusion in the approved cadre by corders dated 18 December 2014 and 28 January 2018, as per paragraph 05 of the said circular.

3.2.1 Safety of Assets

Not Ensured

Audit Observation

Action had not been taken to ensure safety 71 out of 96 private lands of the Sabha by

Recommendation

Action should be taken to confirm the ownership and safety of assets of the Sabha

Comments of the Accounting Officer

Action will be taken to erect fences around the private land of the Pradeshiya Sabha and to identify valuable trees in those lands and

erecting fences around the boundaries. Action had also been not taken to identify the valuable trees in those lands and to enter them in registers.

inventoried them.

3.2.2 Revenue receivable from Assets not being obtained

Audit Observation	Recommendation	Comments of the Accounting Officer
Twenty one stalls of the Sabha had been given on rent without agreement been signed. The arrears of 19 stalls as at 31 December 2018 amounted to Rs.236,921.	Agreement should be signed while giving properties of the Sabha on rent	Action will be taken to sign agreement for stalls without signed agreements. A portion of the arrears had been received as at 31 December 2018. Legal action will be taken against defaulted of stall rent.

3.2.3 Assets not Acquired

Audit Observation	Recommendation	Comments of the Accounting Officer
Action had not been taken to acquire 02 vehicles valued at Rs.11,178,226 donated to the Pradeshiya Sabha in 2012 and 2015	Action should be taken to acquire vehicles received as donations	Documents will be prepared and prompt action will be taken to acquire 02 vehicles valued at Rs.11,178,226 received as donations in 2012 and 2015.

3.2.4 Idle/Under Utilized Assets

Audit Observation	Recommendation	Comments of the Accounting Officer
The Ministry of Local Government had given 422 galvanized tubes to the Sabha without its request. These had been stacked in the old head office building	Action should be taken to utilize idle assets	The Sabha had earned revenue by giving flag staffs on hire at the rate of Rs.20 each during 2018 as authorized by the Act.

3.2.5 Annual verification of Goods / stocks

Audit Observation	Recommendation	Comments of the Accounting Officer
Shortages of 48 plastic charges were observed as per board of survey report of 2018.	Action should be taken to identify officers responsible and make recoveries.	There were shortages of 48 chairs. The rest of the shortages were due to dual entries. The shortages will be assessed and recoveries will be made from the respective officers.

3.3 Procurement

Audit Observation -----	Recommendation -----	Comments of the Accounting Officer -----
<p>An agreement had not been entered into with the supplier in terms of 8.9.1 (b) of the government Procurement guidelines – 2006 while purchasing 3300 street lamps in 2018 at the rate of Rs 418 each in 2018. The supplier had rejected to supply street lamps at Rs. 418 after September 2018. As such 2464 street lamps 23W had been purchased at Rs.488 each causing an extra expenditure of Rs.172,480 to the Sabha.</p>	<p>Action should be taken to recover loss from the officers responsible.</p>	<p>Action will be taken to enter into agreements with suppliers of street lamps, tyres and tubes and other equipment in terms of 8.9.1(a) of the Procurement Guidelines 2006.</p>