

Biyagama Pradeshiya Sabha

Gampaha District

1. Financial Statements

1.1 Presentation of Financial Statements

The financial statements for the year 2019 had been presented for audit on 29 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 30 July 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 Biyagama 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 Basis for the Qualified Opinion

1.3.1 Accounting Deficiencies

Audit Observations	Recommendations	Comments of the Accounting Officer
(a) An amount of Rs.5,000,000 for purchasing three wheelers and Motor Cycles which not received yet had been accounted as Creditors and Capital.	Accounts should be made accurately.	Actions would be taken to obtain the approval in the year 2020.
(b) An amount of Rs.11,623,517 of Salaries overpayments reimbursements for the year 2019 had been accounted as deducting from the debtors other than stating it in the accounts as payments in advance. And also the receivable trainee allowances for the degree holders and the members allowances f Rs.128,086 and Rs.1,680,000 respectively had not been showed in the accounts as debtors.	Actions should be taken to show the accurate balance in the accounts.	Actions would be taken to make them corrected by the final accounts for the year 2020.
(c) 02 debtors balance of Rs.767,794 regarding the preceding year had been misplaced from the accounts, and 04 debtors balance	Actions should be taken to state the real value of the creditors balance in the	Actions would be taken to correct them in the future.

had been understated by Rs.361,609 accounts.
because of not taking the absolute values.

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| (d) | Income of the sales of the polythene of Rs.104,525 for the year under review and the income received for the preceding year of Rs.31,904 had been accounted as general deposits. | All the income should be accounted. | It had been accounted as the general deposits to share among the employees. |
| (e) | Income of Rs.512,000 and the expenditure of Rs.1,149,125 from the Montessories for the year under review had not been stated in the accounts the income and expenditure for the preceding years had been stated in the general deposits account other than showing them in the relevant accounts. Therefore a balance of Rs.928,075 had been stated under the general deposits for the year under review. | Actions should be taken to show all the income and expenditure accounts. | All the transactions had been adjusted by the general deposits account. |
| (f) | 02 tractors value not recognized, a trailer and a roller had not been accounted as fixed assets. | All the assets should be valued and accounted. | Actions would be taken to account in the future. |

1.3.2 Unreconciled Control Accounts

----- Audit Observations -----	Recommendations -----	Comments of the Accounting Officer -----
(a) A difference of Rs.13,449,799 had been appeared between the accumulated balance of Rs.43,882,074 of 04 items of accounts and their balances stated in the registers accumulated to Rs.57,331,873.	Actions should be taken to correct the registers, documents.	Actions would be taken to correct by the final accounts in the year 2020
(b) A difference of Rs.2,516,469 appeared because the balance between the Cash Book had been Rs.15,133,788 and the balance according to the financial statements had been Rs.12,617,319	The reasons for the difference should be recognized and corrected.	Actions would be taken to correct in the future.

1.4 Non Compliances

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

Reference to Laws, Rules, Regulations and Management Decisions	Non Compliances	Recommendations	Comments of the Accounting Officer
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(a) <u>The Tax and Valuation Act No.30 of 1946</u> Section 20	Even though the Rates should be assessed every 05 years the rates had been calculated under the assessments made in the year 2008 and 2012.	A new assessment should be done according to the act.	A new assessment had being implemented now.
(b) <u>Financial Regulations of the Democratic Socialist Republic of Sri Lanka</u> F.R. 571	Actions had not been taken on the deposits over 02 years of Rs.8,919,417.	The deposits lapsed over 02 years should be taken to the revenue account.	Actions would be taken to add them into the revenue in the future.

1.5 Receivable and Payable Accounts

Audit Observations	Recommendations	Comments of the Accounting Officer
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(a) The creditors balance between 1 to 2 years had been Rs.13,499,317 according to the registers forwarded with the financial statements.	Actions should be taken to settle the receivable balances.	Actions would be taken at the end of the year 2020 to write off the balances which not fronted for the payments.
(b) The debtors balance between 1 to 2 years had been Rs.10,371,654 and the balance less than a year had been Rs.31,358,917 according to the registers forwarded with the financial statements.	Actions should be taken to recover the receivable balances.	Actions would be taken at the end of the year 2020 to write off the balances which not received.

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.88,621,019 compared with the corresponding excess of revenue over recurrent expenditure of the preceding year amounting to Rs.142,915,121.

2.2 Financial Control

Audit Observations

Recommendations

Comments of the Accounting Officer

03 cheques issued but not cleared in January 2018 of Rs.64,732 had not been settled as at the end of the current year.

Actions should be taken to settle.

Actions would be taken to correct in the future.

2.3 Revenue Administration

2.3.1 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	78,550,145	81,187,305	79,485,440	29,816,601	77,752,222	81,010,773	89,250,070	29,039,953
(ii) Rent	4,972,960	6,711,705	5,827,748	8,770,974	5,058,860	5,101,750	4,677,487	10,916,880
(iii) License Fees	3,010,000	4,834,328	4,816,328	18,000	2,469,000	3,798,671	3,833,671	3,333,297
(iv) Other Revenue	-	-	248,809,313	1,176,006	243,621,656	-	273,382,966	-
Total	86,533,105	92,733,338	338,938,829	39,781,581	328,901,738	-89,911,194	371,144,194	43,290,130

2.3.2 Rates and Taxes

Audit Observations

Recommendations

Comments of the Accounting Officer

A balance of Rs.46,352,623 had been in the arrears in rates as at 31 December 2019 and a balance of Rs.6,705,591 over 10 years and a balance of Rs.12,734,492 between 5-10 years had been in that balance.

Actions should be taken to recover the rates in arrears.

Actions would be taken according to the act to recover the rates.

2.3.3 Stall Rent

Audit Observations	Recommendations	Comments of the Accounting Officer
Rent from 06 stalls of Rs.5,324,542 belongs to the Kadawatha Sub Office and rent from 05 stalls sealed of Rs.593,450 had not been recovered.	Actions should be taken to recover the stall rent in arrears.	A law suit had being carried out regarding 06 stalls therefore it had not been recovered and kept on billing. The stalls that sealed had not been tendered again.

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>By-Laws</u> By-laws had been imposed only 08 matters out of 30 main matters under Section 126 of the Pradeshiya Sabha Act as at 31 December 2019.	Actions should be taken to embrace the by-laws relevant for the Sabha.	The by-laws relevant for the Sabha would be embraced in the future.
(b) <u>Action Plan</u> 05 tasks that Provisions of Rs.29,745,305 had been allocated and also an action plan had been made for the year 2019 had not been completed within the current year.	The relevant tasks should be completed as soon as possible.	The projects which the public had requested had been completed other than the projects included in the Action Plan.
(c) <u>Environmental Issues</u> 644 Complaints had been received from the public on the Environmental Issues during the current year but 323 complaints out of that had not been solved.	The Public Complaints should be solved as soon as possible.	The special considerations would be given on this matter.

(d) **Targets on Sustainable Development**

The Plans according to the Agenda of the Sustainable Development -2030, for the time between year 2019 - 2023 had been made for making higher the life and the health of the public live within the authority of the Sabha but the progress of achieving the targets had been 50 per cent.

Actions should be taken to accomplish the Sustainable Development targets.

Inform that agreed that 50 per cent had been completed.

3.2 Human Resources Management

Audit Observations	Recommendations	Comments of the Accounting Officer
14 posts in Secondary level and 17 posts in the tertiary level had been vacant in the approved cadre as at the end of the year under review.	Actions should be taken to fill up the vacancies.	Recruitments had been canceled temporarily according to the Management Service Circular.

3.3 Operational Inefficiencies

Audit Observations	Recommendations	Comments of the Accounting Officer
An amount of Rs.12,959,960 had been paid as vehicle rent for the current and out of that Rs.5,017,900 on the garbage transport and Rs.4,135,100 on the road transport had been paid. Sabha had been paid for the vehicles obtain on hiring from a long time even though Sabha had the financial ability to buy vehicles.	Actions should be taken to lessen the usage of hired vehicles.	Actions would be taken to buy vehicles according to the service requirements.

3.4 Assets Management

3.4.1 Assets not acquired

Audit Observations	Recommendations	Comments of the Accounting Officer
(a) A Community Hal had been constructed near the Ancient Shrine in Siyambalape South of Rs.1,329,019 during the current year but actions had not been taken to acquire that Land.	Actions should be taken to acquire the assets.	Inform that actions would be taken in the future to acquire.

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| (b) Actions had not been taken to acquire the assets valued of Rs.4,716,000 given by the Central Environmental Authority as at 31 May 2020. | Actions should be taken to acquire the assets. | Inform that actions would be taken in the future to acquire. |
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3.4.2 Not Assuring the Protection of the Assets

Audit Observations	Recommendations	Comments of the Accounting Officer
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(a) 02 Lands owned by the Sabah had been occupied unauthorized and 49 Lands owned by the Sabah had not been fixed the fence and name boards.	Actions should be taken to protect the assets.	Actions are being taken to fix the fence and name boards.
(b) According to the Survey of the wells, 12 wells could not be found and 02 wells had been acquired for the Express way.	Actions should be taken to protect the assets.	Actions are being taken to fix survey all the assets owned by the Sabha.

3.4.3 Annual Board of Surray

Audit Observation	Recommendation	Comments of the Accounting Officer
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153 books valued of Rs.63,080 belong to Malwana, Biyagama, Delgoda Libraries had not been forwarded for the board of survey.	Actions should be taken according to the Circular.	Inform that the actions would be taken to forward them to the Board of Survey in the future.