

Dompe 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 30 June 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 28 August 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 Dompe 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) The bank interest income of Rs.7,827,367 regarding 02 fixed deposits redeemed during the year under review had not been accounted.	Accounts should be made accurately.	Actions would be taken to correct in the future.
(b) Discounts offered on the rates of Rs.995,024 had been debited to the Rates Account therefore the rates income had been understated by that amount.	Accounts should be made accurately.	Actions would be taken to correct.
(c) Books purchased for the Wake Sub Office and for the Dompe Sub Office of Rs.55,255 and Rs.37,725 respectively had not been accounted.	Accounts should be made accurately.	Actions would be taken to correct in the future.
(d) 09 buildings owned by Sabha accumulated value of Rs.4,364,334 and 02 Water tanks received as donations of Rs.43,691 had not been accounted as fixed assets.	Accounts should be made accurately.	Actions would be taken to correct in the future.
(e) An amount of Rs.75,402,367 had been received by the redeem of 02 fixed deposits during the year	Accounts should be made accurately.	Actions would be taken to correct in the

under review had been accounted as capital income.		future.
(f) Over recovered rent of Rs.355,060 regarding the stalls had been credited the Over recovery Account and debited the relevant revenue account other than credited the relevant revenue account and debited the Over recovery Account.	Accounts should be made accurately.	Actions would be taken to correct in the future.
(g) An amount of Rs.180,528,13 had been credited to the Accumulated fund Account but it had not been debited.	Accounts should be made accurately.	Actions would be taken to correct in the future.
(h) The difference of Rs.65,195,450 between expenditure and income for the year had been credited to the Accumulated Fund Account without recognizing it when preparing the financial statements.	Accounts should be made accurately.	Actions would be taken to correct in the future.
(i) Unrecognizable balance of creditors of Rs.851,358 had been debited to the Accumulated Fund without a credit entry.	Accounts should be made accurately.	Actions would be taken to correct in the future.
(j) The concrete mixture machine of Rs.178,250 purchased on 08 March 2005 had been accounted as Cars and Carts.	Accounts should be made accurately.	Actions would be taken to correct in the future.
(k) An unrecognized balance of Rs.15,180,000 had been credited to the income and expenditure account.	Accounts should be made accurately.	Actions would be taken to correct in the future.
(l) An amount of Rs.20,000,000 transferred to the Current Account by the Savings Account during the year had been credited the Capital Gains Account therefore the Capital Gains had been overstated by that amount.	Accounts should be made accurately.	Actions would be taken to correct in the future.
(m) Rs.87,263,622 had been received as Capital Aids between the year 2016 to 2019 but it had been accounted as Rs.86,384,907 therefore it had been understated by Rs.878,715.	Accounts should be made accurately.	Action Would be taken to correct in the future
(n) The Capital Aids Income for the year 2019 should be accounted as Rs119,354,754 but it had been accounted as Rs.127,151,366, therefore it had been overstated by Rs.7,796,612.	Accounts should be made accurately.	Actions would be taken to correct in the future.
(o) An amount of Rs.8,136,746 that should be receivable and payable on the activities for the	Accounts should be made accurately.	Actions would be taken to correct in the

year under review had not been accounted under Capital Aids and Capital Expenditure Accounts.

future.

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| (p) The amount of trainee allowances of Rs.40,000 that written-off had been credited the debtors account. | Accounts should be made accurately. | Actions would be taken to correct in the future. |
| (q) The tax charged on the Bank interest of Rs.237,562 had been adjusted by the Bank Interest Account therefore, the Bank Interest Income had been understated by Rs.237,562. | Accounts should be made accurately. | Actions would be taken to correct in the future. |
| (r) Payable Deposits for the year under review had been Rs.23,296,659 but it had been accounted as Rs.26,075,249 in the Balance Sheet. | Accounts should be made accurately. | Actions would be taken to correct in the future. |
| (s) The Advance payment of rates of Rs.841,429 for the year under review had not been adjusted to the Rates Account therefore, the Rates in arrears had been understated by that amount. | Accounts should be made accurately. | Actions would be taken to correct in the future. |

1.3.2 Unreconciled Control Accounts

----- Audit Observations -----	Recommendations	Comments of the Accounting Officer -----
A difference of Rs.68,943,487 had been appeared between the accumulated balance of Rs.164,784,464 of 05 items of accounts and their balances stated in the registers accumulated to Rs.95,840,977.	Actions should be taken to correct the registers, documents.	This difference would be adjusted by the Journal Entries.

1.3.3 Lack of Necessary Documentary to Evidence for Audit

----- Audit Observations -----	Recommendations	Comments of the Accounting Officer -----
08 Account balances totaled to Rs.515,216,985 could not be satisfactorily vouched during the audit due to non rendition of the schedules.	Evidence to confirm the balances of accounts in the financial statements should be furnished.	The Registers are being updated now.

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
(b) <u>Financial Regulations of the Democratic Socialist Republic of Sri Lanka</u> F.R. 371(2)	An advance balance of Rs.82,656 since the year 2008 had not been taken action to settle.	Actions should be taken according to the Financial Regulations.	Actions had been taken to obtain the approval from the Commissioner of Provincial Councils to write off that balance.
F.R. 571	Actions had not been taken on the deposits over 02 years of Rs.21,058,466.	Actions should be taken according to the Financial Regulations.	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
i. The balance of the Debtors had been Rs.4,939,611 between 2 to 3 years and the balance of the Debtors less than a year had been Rs.56,511,853 as at the end of the year under review.	Actions would be taken to recover in as soon as possible.	Actions would be taken to recover in the future.
ii. The Balance of the Creditors as at the end of the year under review had been included a balance 3-5 years of Rs.536,000, a balance 2-3 years of Rs.8,744,121 and a balance less than a year of Rs.73,546,782.	Actions should be taken to settle the payable balances.	Actions would be taken to settle in the future.

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.8,560,194 compared with the corresponding excess of revenue over recurrent expenditure of the preceding year amounting to Rs.26,395,978.

2.2 Financial Control

Audit Observations	Recommendations	Comments of the Accounting Officer
Even though the target of the Sabha is to spend the Sabha Funds with the planning as to gain the optimal benefits for the public within the authority of the Sabha it had been invested Rs.112.23 million in 06 Fixed deposits.	Actions should be taken according to the Plans.	Plans had been made to construct a office building next year.

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			Total arrears as at 31 December	
	Estimated Revenue	Revenue Billed	Revenue Collected	Estimated Revenue	Revenue Billed	Revenue Collected		
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
(i) Rates and Taxes	17,681,781	18,628,628	15,504,855	3,661,059	14,191,940	19,427,587	16,317,043	3,110,544
(ii) Rent	18,641,340	19,970,448	19,273,084	697,364	4,351,800	52,725,117	52,725,117	-
(iii) License Fees	4,873,041	5,692,833	5,692,833	-	22,554,540	20,501,387	20,185,266	316,121
(iv) Other Revenue	148,108,392	-	223,329,043	-	-	-	-	-
	189,304,554	44,291,909	263,799,815	4,358,423	41,098,280	92,654,091	89,227,426	3,426,665

2.3.2 Rates and Taxes

Audit Observations	Recommendations	Comments of the Accounting Officer
i. The rates in arrears balance as at 31 December 2019 included a balance over 10 years of Rs.141,659, a balance between 5-10 years of Rs.106,091, a balance between 3-5 years of Rs.114,189 and a balance between 2-3 years of Rs.1,287,917.	Actions should be taken to recover the rates in arrears.	Inform that Actions would be taken to recover the rates in arrears by using the methods like rates mobile services and forbidding property and the final warning had been issued to recover the rates now.
ii. Amendments of the Rates Assessments		
The rates had been charged only from 7,308 household properties 2,653 business	Actions should be taken to recover all the receivable	Actions would be taken to impose tax as soon as the

properties and 768 other properties even though the whole Pradeshiya Sabha had been stated as developed by the Gazette No.1493 of the Democratic Socialist Republic of Sri Lanka dated on 25 August 2017. income according to the approval of the Sabha had been granted. gazette.

- iii. The last tax assessment carried out in the year 2015 had been implemented in the year 2018 in Wake Sub Office and the Pugoda Sub Office and it had been implemented in the year 2019 in Dompe Sub Office and Keragala Sub Office. Actions should be taken to recover the tax as soon as possible according to the new tax assessment. Inform that the actions had been taken as soon as the relevant tax assessment had been handed over the by the Department of Valuation.

2.3.3 Other Revenue

----- Audit Observations -----	----- Recommendations -----	----- Comments of the Accounting Officer -----
License for the business in Tourism ----- Actions had not been taken to earn the income even though it had been embraced the by-law on the Business in Tourism based on the interim act approved by the Gazette No.1947/6 dated 28 December 2015.	Actions should be taken to recover the income recognizing the license holders according to the Gazette.	Actions had been taken to recognize the license holders.

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) By-Laws By-laws had been imposed only 18 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 had been imposed on 18 matters.

- (b) **Action Plan**
 An action plan had not been made for 08 tasks that should be done according to the by-laws that had been imposed. An annual action plan should be made. An annual action plan had been made for the year 2020.
- (c) **Delays in completing tasks**
 The Community Hall in Morahena estimated value of Rs.1,724,036 under the Program for Developing the Community Infrastructure Facilities had been spent Rs.10,000,000 had being still constructed. The relevant industries should be completed within the relevant time frame. The Lavatory Systems regarding the II phase had been left to constructed.

3.2 Management Inefficiencies

Audit Observations	Recommendations	Comments of the Accounting Officer
<p>Actions had not been taken on the Property Loan Interest of Rs.278,766 regarding the year 2019 according to the Letter No.LGD/01/D/2019/05 of the Department of Local Authorities dated 19 September 2019.</p>	<p>Actions should be taken to recover the receivable Property Loan Interest.</p>	<p>Actions would be taken to recover in the future.</p>

3.3 Human Resources Management

Employee Vacancies and Excesses

Audit Observations	Recommendations	Comments of the Accounting Officer
<p>i. 06 Posts of Librarians and 02 posts of Revenue Inspectors had been vacant for over 15 years.</p>	<p>Actions should be taken to fill up the vacancies.</p>	<p>There are 08 vacancies in 06 Posts of Librarians and 02 posts of Revenue Inspectors for over 15 years.</p>
<p>ii. 18 primary level employees had been recruited but actions had not been taken to take them to the approved cadre reporting them to the Director General of the Management Services even though it had been stated to do so according to the Public Administration Circular No.25/2014 dated 19 December 2014.</p>	<p>The relevant posts should be included to the approved cadre.</p>	<p>These posts had been external to the approved cadre.</p>

3.4 Assets Management

3.4.1 Assets not acquired

Audit Observations	Recommendations	Comments of the Accounting Officer
(a) Kahatagahawatta Common Cemetery at Mandawala had been occupied by an unauthorized person and Prathapakanda Common Cemetery belongs to Pugoda Sub Office had been surveyed and distributed.	Actions should be taken to settle the Lands.	Actions would be taken to survey and settle the lands in the year 2021.
(b) The Lands mentioned in registers as belongs to Keragala and Pugoda Sub Offices had no deeds.	Actions should be taken to obtain deeds.	Actions are being taken to obtain the deeds in the year 2021.
(c) Actions had not been taken to repair the common wells that are not used and to find the common wells that could not be found and 46 Cemeteries had not been maintained till the order of transfer would be received.	Actions would be taken to maintain the cemeteries obtaining the order of transfer.	These registers had been made after recognizing the wells by a survey.
(d) Actions had not been taken to acquire Rs. 11, 178, 226 valued two vehicles received as donations in the year 2012 and 2015.	Actions should be taken to acquire as soon as possible.	The primary documents to acquire had been sent for the Commissioner of the Department of Motor Traffic by the Commissioner of Provincial Council.
(e) Actions had not been taken to acquire 36 Lands valued Rs.92,603,650 and 49 Cemeteries valued Rs.608,315,000 to the Sabha.	Actions should be taken to acquire as soon as possible.	The actions to obtain the order of transfer from the District Secretary after receiving the approval of the Commissioner of Provincial Councils for 14 out of 17 cemeteries.

3.4.2 Assets Not Maintained and Repaired

Audit Observations	Recommendations	Comments of the Accounting Officer
The Fitness Centre building constructed in the Kasgahawatta Land at Dompe had been broken and decayed.	The buildings should be developed and utilized for a effective tasks.	It had been suggested use as a Office Premises to the Government Officers.

3.4.3 Idle/ Underutilized Assets

Audit Observation	Recommendation	Comments of the Accounting Officer
07 vehicles could not be used according to the board of survey report for the year 2019.	Actions should be taken to dispose.	Actions are being taken to auction and dispose.

3.5 Procurement

3.5.1 Supplies and Services

Audit Observations	Recommendations	Comments of the Accounting Officer
A loss of Rs.105,000 had been occurred because of purchasing 1500, 23W bulbs for Rs.488 each other than purchasing it on the lowest price fronted of Rs.418 each.	Actions should be taken according to the Procurement Guidelines	A profit or loss would not be occurred by purchasing all the street lights by the price changes in the middle at the beginning of the year calling for prices.