

Gampaha 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 05 March 2020 and the report of the Auditor General sent on 22 July 2020 and the Detailed Management reports sent on 30 September 2020 to the Chairman of the Council.

1.2 Qualified Opinion

In my opinion except for the effect on the matters described under the Section of basis for the qualified opinion of this report, Financial Statements give a true and fair view of the financial position of the Gampaha 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 Qualified Opinion

1.3.1 Accounting Principles

Audit observations -----	Recommendations -----	Comments of the Accounting Officer -----
An accounting policy regarding account of fixed assets was not identified and Fixed assets were not accounted considering the nature and life time of asset.	Accounting policy should be identified to account of fixed assets.	Re-valuation of fixed assets are being conducted now. Action will be taken to prepare and follow an accounting policy for the preparation of accounts related to fixed assets.

1.3.2 Accounting Deficiencies

Audit observations -----	Recommendations -----	Comments of the Accounting Officer -----
Office equipment amounting to Rs.1,166,100 had been bought from Project provision and accounted as fixed assets.	Should be accounted correctly.	Steps will be taken to account in the year 2020.

1.3.3 Unreconciled accounts

Audit observations	Recommendations	Comments of the Accounting Officer
(a) Although the total balance of 05 accounting items given in financial statements amounted to Rs.390,457,697, according to sub registers the total of the above balance amounted to Rs.185,324,215 and as such a difference of Rs.205,137,246 was observed as at 31 December 2019.	Action should be taken to correct registers and sub registers.	Action will be taken to correct further after checking the registers.
(b) There is a difference of Rs.4,493,001 between the total of Fixed Assets accounts and Revenue Contribution to Capital Grants Accounts.	Should be accounted correctly.	This is the balance of the loan of the Compactor.

1.3.4 Lack of Documentary Evidence for audit.

Audit observations	Recommendations	Comments of the Accounting Officer
Properly maintained registers regarding 05 Fixed asset balances totaling to Rs.340,699,313 had not been submitted.	Fixed asset registers should be updated and maintained.	Action will be taken to maintain and update the Asset register.

1.3.5 Receivable and Payable accounts

Audit observations	Recommendations	Comments of the Accounting Officer
(a) There were unsettled balance amounting to Rs.784,000 coming from previous years and action had not been taken to settle them.	Steps should be taken to correct.	Action will be taken to correct.
(b) The debtor balance as at 31 December of the year under review amounted to Rs.45,225,956 including an amount of Rs.2,667,712 due from 3 - 5 years and the credit balance amounted to Rs.94,276,793 including an amount of Rs.11,113,413 due from 3 - 5 years.	Steps should be taken to collect receivable balance and settle payable balances exigent.	Action will be taken to correct.

1.4 Non compliance

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

References to the Laws, Rules, Regulations and Management decisions	Non-compliance	Recommendation	Comments of the Accounting Officer
(a) 1940 Valuation Act No.30.	Although an estimate should be done for every 05 years, but Assessment had not been charged as according to the 2002 Estimate.	Action should be taken in accordance with the Act.	Valuation work is to be started in future.
(b) Financial Regulations of the Democratic Socialist Republic of Sri Lanka			
(i) 396 (d)	Action had not been taken for 11 cheques amounting to Rs.33,944 issued before more than 06 months.	Action should be taken according to Financial Regulations.	Action will be taken in accordance with the value of the cheque to the income.
(ii) 571	Action had not been taken for Deposits balance amounting to Rs.442,954 expire two years.	Action should be taken in accordance with the financial regulations.	Action will be taken to use the Deposits as income.

2. Financial review

----- 2.1 Financial Results -----

According to the Financial Statements presented, the Revenue over Recurrent Expenditure of the Council for the year ended 31 December 2019 amounted to Rs.39,580,454 as compared with the corresponding Revenue over Recurrent Expenditure for the preceding year amounted to Rs.83,695,147.

2.2 Revenue Administration -----

2.2.1 Estimated Income, Billed Income, Collected Income, and Arrears of Income -----

The details of the Estimated Income, Billed Income, Collected Income and Arrears of income for the year under review and the preceding year are shown below.

Source of Income	2019				2018			
	Estimated Income	Billed Income	Collected Income	Total arrears of income at 31 December	Estimated Income	Billed Income	Collected Income	Total arrears of income at 31 December
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Rates and tax	16,132,100	20,340,931	19,307,359	37,167,279	18,539,500	18,600,577	17,198,554	36,354,071
Rent	9,010,500	7,759,181	7,878,707	2,636,692	9,629,200	8,055,013	9,255,499	3,289,138
Permit fees	1,401,000	723,676	724,676	-	1,351,000	770,490	1,267,717	1,000
Other income	203,158,400	98,000,000	-	137,092,471	92,750,600	-	2,838,900	-
Total	229,702,000	126,823,788	27,910,742	176,896,442	122,270,300	27,426,079	30,560,670	39,644,209

2.2.1 Assessment and Tax

Audit observations

There were arrears of balances amounting to Rs.12.8 million in the Henrathgoda Sub office due from more than 10 years and amounting to Rs.5.2 million in Galhitiyawa sub office due from more than 10 years.

Recommendations Comments of the Accounting Officer

Action to recover the assessment should be increased. Noted that action had been taken to initiate steps to mitigate the weaknesses of recurring arrears of balance.

2.2.2 Other income

Audit observations

Steps were not taken to estimate and collect assessment tax from the Telephone tower within the area of authority of the council.

Recommendations Comments of the Accounting Officer

Assessment tax should be recovered from all the telephone towers within the area of authority after estimation. Action will be taken to collect assessment tax from all the telephone towers after Estimation except Henarathgoda Sub office.

2.2.3 Environment permits

Audit observations

Applications of 24 Institutes had not been submitted to the renewal of environment permits as at 09 January 2020 and feedback action had

Recommendations Comments of the Accounting Officer

A survey should be conducted on Business and Noted that relevant steps will be taken in

not been taken for industries that had obtained Environmental Permits. Also, a survey had not been conducted regarding the Business industries that should obtain Environmental permits.

industries that future to give should be taken Environmental Environmental permits. permits.

3. Operational Review

3.1 Performance

Facts observed relating to the execution of activities by the Pradeshiya Sabha in accordance with Section 3 of the Pradeshiya Sabha Act such as regulation of health of the general public, common utility services and public road facilities and maintenance of people's welfare, facilities and development are given below.

(a) By Laws

Audit observations

Recommendations

Comments of the Accounting Officer

Although By laws should be enacted to perform 30 main facts under the Paragraph 126 of the Pradeshiya Sabha Act, 15 By laws were enacted even as at 31 December 2019.

Required by laws should be enacted.

Noted that action is being taken to enact by Laws.

(b) Action Plan

Audit observations

Recommendations

Comments of the Accounting Officer

08 project amounting to Rs.9,380,000 included in the Action plan for the year under review were not initiated.

Action should be taken to finish projects as according to the action plan.

A number of programs could not be done.

(c) Solid waste management

Audit observations

Recommendations

Comments of the Accounting Officer

(i) An expenditure exceeding Rs.14 million was spent on 2019 for the disposal of degradable garbage weighting to 10 – 15 tons and non-degradable garbage

A proper method to dispose garbage should be made.

Noted that if a suitable land to situate a Garbage unit is bought, a compost unit can be built and

weighting to Rs.3 – 6 tons generated daily within the area of authority of the council. Yet the council had not taken action to get a price for Garbage and prepare proper methods to dispose of garbage.

profit can be earned from selling the production of compost and as such the garbage can be disposed properly.

(ii) Steps had not been taken to charge garbage fees although garbage is given on a daily basis from more than 08 Super markets and other institutes within the area of authority of the council.

Action should be taken to charge Garbage Tax.

Noted that action will be taken to charge fees on garbage based on the generation in future.

(d) Public complains

Audit observations

224 Complains to the Galahitiya Sub office and 144 complains to the Henarathgoda Sub office were received as at the year under review yet 96 and 57 of the complains respectively had not been solved.

Recommendations

Steps should be taken to solve public complains as soon as possible.

Comments of the Accounting Officer

Noted that this situation had arisen due to failure to come to an agreement when most of the complains were summoned.

(e) Goals of Sustainable Development

Audit observations

Although plans were made for 2019 – 2023 according to 2030 Agenda for the Purposes of Sustainable Development for the global view of such purposes to enhance the living standards and health of the people living in the Council Territory, and the performance in reaching the relevant goals for the year was 50 per cent.

Recommendations

Action should be taken to bring goals and expectation for sustainable development closer.

Comments of the Accounting Officer

Noted that it is possible to successfully reach goals as of 2020.

3.2 Human resource management

(a) Vacancies and Excess of staff

Audit observations

07 Vacancies and 02 Excess of cadre was seen in the approved cadre for the end of the year under review.

Recommendations

Comments of the Accounting Officer

Action should be taken to fulfill vacancies and approve excess of cadre.

Agreed that 07 position are Vacant and 02 position are Excess.

(b) Staff loans

Audit observations

An amount of Rs.600,840 was to be collected from transferred officers and an amount of Rs.298,436 relevant to 05 arrears of balances from this are to be collected.

Recommendations

Comments of the Accounting Officer

Receivable loans should be recovered exigent.

Action will be taken to collect in future.

3.3 Asset Management

3.3.1 Assets not taken over

Audit observations

11 vehicles amounting to Rs.48,663,157 and 02 unvalued vehicles received from Ministry of Local Government and acquire the Central Environmental Authority was not acquire even up to 18 May 2019 by the Council.

Recommendations

Comments of the Accounting Officer

Action should be taken to acquire the relevant Assets.

Action will be taken to acquire in future.

3.3.2 Annual Inventory/Stock verification

Audit observations

602 Books from the Henerathoda library and 187 Books from the Galahitiyawa library were not submit for the Verification Board.

Recommendations

Comments of the Accounting Officer

Action should be taken according to the Circulars.

Initial steps have been taken to get the action according to the guidelines of the Circulars.

3.4 Procurement

3.4.1 Procurement plan

Audit observations

A procurement plan had been made by the council for procurement but Office equipment amounting to Rs.1,968,725 had been bought in year 2019 had not been included to the procurement plan.

Recommendations

All procurement should be included in to the procurement plan.

Comments of the Accounting Officer

It is a mistake.