

Bulathkohupitiya Pradeshiya Sabha
Kegalle District

1 Financial Statements

1.1 Presentation of Financial Statements

The financial statements for the year 2019 had been presented to audit on 27 February 2020 and the summary report and the Detailed Management Report of the Auditor General on the financial statements had been issued to the Chairman on 29 June 2020 and on 11 August 2020 respectively.

1.2 Qualified Opinion

In my opinion, except for the effects 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 Bulathkohupitiya 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

Audit Observation	Recommendation	Comments of the Accounting Officer
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A total difference of Rs.72,787 was shown between the balances in the financial statement relating to 03 items of accounts as at end of the year under review and the balances in the subsidiary registers.	The balances shown in the financial statements should be reconciled with subsidiary registers relating to that.	These books are currently being updated properly and action will be taken to rectify 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-compliance	Recommendation	Comments of the Accounting Officer
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(a) Part 23(a) of the National Environmental Act No.47 of 1980 as amended by the Acts No.56 of 1988 and No.53 of 2000 and the Gazette No.1534/18 dated 01 February 2008.	The charges amounting to Rs.64,000 had not been recovered from 16 industries for which environmental license charges should be recovered.	Action should be taken to recover charges in terms of the legal provisions.	The licences had been issued for 11 industries out of the industries which had obtained environmental licences in the

year 2016 and are due to be obtained environmental licences for the year 2019 while 03 industries had been closed down. One person had defaulted the payment. In addition to this, the licences has been given for 3 industries.

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| (b) Public Administration Circular No.09/2009 dated 16 April 2009. | The finger print machines had not been used to record the arrivals and departures of the officers. | Action should be taken in terms of the circular. | Action is being taken to purchase a finger print machine before end of this year. |
| (c) Circular of the Commissioner of Local Government No.1988/22 dated 17 May 1988. Paragraph 2 | Even though an assessment for rates should be carried out once in 05 years, an assessment had not been carried out after the year 2009. As such a revenue receivable for 981 properties of the authoritative area of the Sabha had been deprived of by the Sabha. | Action should be taken in terms of the Circular. | The Department of Valuation had been informed in several times in written from the year 2019 for the assessment of rates, but they did not come for the assessments up to now and the Department of Valuation has stated that an adequate number of officers are not available thereon. |
| (d) Circular of the Sabaragamuwa Provincial Commissioner of Local Government No.2009/1 dated 09 | Six trade stalls belonging to the Sabha had ben sub-leased but action had not been taken either | Action should be taken in terms of the Circular. | A formal system has not been followed in trade stall leasing and currently |

March 2009.
Sections 1.10 and 11.

to cancel the lease agreement and to re-tender or to take action in terms of the provisions of Circulars in respect of the sub-lease holder Further, the difference in between the lease amount and the sub-lease amount had been Rs.45,850.

necessary actions are being taken to rectify it and to renew the lease agreements.

Section 1.12

Even though, the action should be taken to renew the lease agreement annually, the lease agreements had not been renewed after the year 2010.

Action should be taken in terms of the Circular.

Comments not furnished.

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 2019 amounted to Rs.3,172,460 as compared with the excess of revenue over recurrent expenditure of the preceding year amounting to Rs.5,081,841.

2.2 Revenue Administration

2.2.1 Estimated Revenue, Billed Revenue, Collected Revenue and the Arrears of Revenue

The information relating to the estimated revenue, billed revenue, collected revenue and the arrears of revenue furnished for the year under review and for the preceding year appears below.

Source of Revenue	Estimated Revenue	2019			Estimated Revenue	2018		
		Billed Revenue	Collected Revenue	Total arrears as at 31 December		Billed Revenue	Collected Revenue	Total arrears as at 31 December
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
i. Rates and Taxes	1,650,280	1,351,570	1,803,799	79,031	1,735,400	1,351,669	1,761,554	140,075
ii. Lease Rent	697,590	825,712	825,712	523,465	1,540,950	1,540,950	1,064,297	523,465
iii. Licence Fees	248,840	254,690	254,690	-	298,100	277,768	277,768	-
iv. Other Revenue	44,109,952	39,883,252	28,964,570	15,196,181	39,056,888	36,260,941	36,260,941	19,893,307

2.2.2 Rates and Taxes

Audit Observation

The balance of arrears of rates and taxes as at the end of the year under review amounted Rs.65,982 and it included a sum of Rs.17,406 which exceeded the period over 03 years.

Recommendation

Prompt action should be taken to recover the revenue receivable.

Comments of the Accounting Officer

A sum of Rs.21,862 has been recovered by 31 May 2020, and a sum of Rs.6,538 out of the arrears has been referred to the Commissioner of Local Government to write off. Action will be taken to recover the balance amount.

2.2.3 Court Fines and Stamp Fees

Audit Observation

The court fines and stamp fees receivable as at 31 December 2019 from the Chief Secretary of the Provincial Council and other authorities amounted to Rs.5,088,516 and Rs.7,171,440 respectively, while the balance of the stamp fees which exceeded for over 01 year amounted to Rs.1,966,942.

Recommendation

Action should be taken to recover without a delay.

Comments of the Accounting Officer

As soon as the relevant schedules are received action will be taken to recover money.

3. Operating Review

3.1 Performance

The matters revealed in respect of the activities that should be carried out by the Sabha such as regularize and control over the matters of public health, public utility services and thoroughfares and comfort, facilities and wellbeing of the people under Section 3 of the Pradeshiya Sabha Act are given below.

(a) Solid Waste Management

Audit Observation

The sanitary land filling methods had not been followed to dispose solid waste.

Recommendation

The solid waste management should be regularized.

Comments of the Accounting Officer

The lapses in the Solid Waste Management unit will be rectified in the future years by obtaining new provisions or as per the provisions received

(b) **Environmental Problems**

Audit Observation	Recommendation	Comments of the Accounting Officer
----- A suitable place to dispose gully waste was not made available with the Sabha and as such that service had been provided only to the persons who had that facility.	----- The functions relating to the well being of the people should be performed in terms of the Section 3 of the Pradeshiya Sabha Act.	----- When provisions are received a land will be purchased from a non-populated area and a suitable place will be established for the disposal of gully waste in the future.

3.2 **Human Resources Management**

Audit Observation	Recommendation	Comments of the Accounting Officer
----- Eleven vacancies in 07 categories of posts had existed in the approved cadre as at 31 December 2019. Out of these vacancies one post of Revenue inspector, one post of draughtsman and one post of field works overseer had remained vacant from 19 September 2019, 02 August 2013 and 19 April 2017 respectively.	----- Action should be taken to fill essential vacancies.	----- The vacancies existed in the Sabha at present has been informed to the Chief Ministry through the Commissioner of Local Government on a monthly basis.

3.3 **Assets Management**

3.3.1 **Failure to ensure Security of Assets**

Audit Observation	Recommendation	Comments of the Accounting Officer
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(a) Even though, the vehicles and accessories amounting to Rs.58,935,755 had belonged to the Sabha adequate garage facilities were not available.	Steps should be taken to protect assets.	An estimated proposal with a cost of Rs.421,120 for the construction of a new section to the existing car park had been submitted to the General Meeting on 09 June 2020, and it will be constructed in the future with the funds of the Sabha.
(b) Action had not been taken to survey the public wells and cemeteries of the Pradeshiya Sabha and to establish the ownership.	Assets should be identified and ownership should be confirmed.	A committee has been appointed to verify this and relevant actions will be taken in the future.

3.3.2 Assets not Transferred

Audit Observation	Recommendation	Comments of the Accounting Officer
----- Action had not been taken to transfer the ownership of 13 vehicles and machineries valued at Rs.56,560,755 given by the Sabaragamuwa Provincial Council and the Ministry of Local Government from the year 2015 to 2019.	----- Action should be taken in terms of Paragraph 2(i) of the Assets Management Circular No.02/2017 dated 21 December 2017.	----- The activities related to the acquisition of vehicles are being carried out.

3.3.3 Idle Assets

Audit Observation	Recommendation	Comments of the Accounting Officer
----- A garbage compactor valued at Rs.6,221,373 had remained idle for a 01 year and a cab vehicle and a tractor valued at Rs.1,300,000 and Rs.2,655,318 respectively had remained idle for a period of 04 years.	----- Action should be taken to utilize the assets.	----- It is proposed to exchange this vehicle as there is not enough garbage to collect using the compactor donated to the Sabha. As per the report of the Depot Engineer the cab vehicle and the tractor has been referred to the Government Machinery Development unit to repair.

3.3.4 Motor Vehicle Utilization

Audit Observation	Recommendation	Comments of the Accounting Officer
----- Even though, there were 15 vehicles owned by the Sabha, there was an underutilization of vehicles due to the actual number of drivers stood at 4.	----- Action should be taken to approve a number of drivers commensurate with the number of vehicles and to recruit.	----- Drivers with heavy vehicle driving licences working in other posts has been employed to carry out the relevant duties.

3.4 Procurement Plan

Audit Observation	Recommendation	Comments of the Accounting Officer
----- Even though, the procurement activities amounting to Rs.19,776,217 had been made in the year under review, a procurement plan had not been prepared.	----- Procurement plan should be prepared	----- A procurement plan relating to the year 2020 will be prepared.

4. Accountability and Good Governance

4.1 Audit and Management Committees

Audit Observation	Recommendation	Comments of the Accounting Officer
----- In terms of Audit and Management Circular No. DMA/01-2019 dated 12 January 2019, four Audit and Management Committee meetings should have been held, but only 02 meetings had been held during the year under review.	----- Action should be taken in terms of the Circular.	----- The Audit and Management Committees will be held in the year 2020 as scheduled.

4.2 Unresolved Observations

Audit Observation	Recommendation	Comments of the Accounting Officer
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(a) Even though, by-laws had been prepared to execute 09 matters under Section 126 of the Pradeshiya Sabha Act, the by-laws were not approved even by 31 December 2019. As such the by-laws passed only had been adopted.	Action should be taken to get approved the by-laws.	One by-law had been sent for the approval of the Governor. Three by-laws has been referred to the office of the Assistant Commissioner of Local Government and the drafts of 05 by-laws has been prepared.
(b) Even though the plans to upgrade the livelihood and the health of the people of the authoritative area of the Sabha through global indicators to achieve the sustainable development objectives had been prepared, most of them were not executed due to lack of the funds.	Attention should be paid to the ways in which funding can be provided to implement the plans.	Comments not furnished.