

Galigamuwa 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 15 May 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 23 July 2020 and 20 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 Galigamuwa 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)	The liabilities as at the end of the year under review amounting to Rs.215,714 had not been shown in the statement of financial position.	The liabilities should be brought to account correctly.	Failure to do so it by mistake and action will be taken to rectify the deficiencies and accounted for.
(b)	The balance of land and buildings as at the end of the year under review had been understated by Rs.148,426.	Non-current assets should be brought to account correctly.	Action will be taken to make relevant adjustments and to rectify.
(c)	The court fines relating to the year under review had been understated by Rs.55,677.	The revenue relating to the year should be brought to account correctly.	Action will be taken to rectify in the year 2020.
(d)	The provisions for creditors had not been made for Rs.144,100 payable to the Land Registry Office for the preparation of stamp fees schedules for the year 2018.	The provisions for creditors relating to the preceding year should be brought to account.	The amount of Rs.144,100 payable to the Land Registry Office for the stamp fees of the year 2018 will be rectified in the year 2020.

1.4 Non-compliances

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

The instances of non-compliance with laws, rules, regulations and management decisions are given below.

Reference to Laws, Rules, Regulations and Management Decisions	Non-compliance	Recommendation	Comments of the Accounting Officer
(a) Financial Regulations of the Democratic Socialist Republic of Sri Lanka.			
(i) Financial Regulation 571	Action had not been taken in respect of the deposits of Rs.743,292 relating to the period from the year 2010 to 2017.	Action should be taken in terms of Financial Regulations.	Inquiries have been made to repay the amount of Rs.726,978 to the donor institution which received for the industries.
(ii) Financial Regulation 1646	The Daily Running Charts of 08 vehicles of the Sabha were not made available for audit from October 2015.	Action should be taken in terms of Financial Regulations.	Action will be taken to furnish the Daily Running Charts of the three wheeler No.QU-1076 and the Running Charts of remaining vehicles which have not been furnished from the year 2013 upto now.
(b) Public Administration Circular No.30/2016 dated 29 December 2016. paragraph 3.1	Fuel consumption tests of 07 vehicles of the Sabha had not been carried out.	Action should be taken in terms of the provisions of Circulars.	Fuel consumption test will be carried out for the tractor No.HP-3986 in the future and action will be taken to carry out fuel consumption tests for other 05 vehicles as well.

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.6,333,270 as compared with the revenue over recurrent expenditure of the preceding year amounting to Rs.12,470,437.

2.2 Financial Control

Audit Observation

Recommendation

Comments of the Accounting Officer

Action had not been taken to settle a balance of a bank account amounting to Rs.46,582 which remained dormant from the year 2010.

Action should be taken to settle the dormant bank accounts.

Necessary action is being taken to settle the dormant bank accounts.

2.3 Revenue Administration

2.3.1 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 receding year appears below.

Source of Revenue	2019				2018			
	Estimated Revenue	Billed Revenue	Collected Revenue	Total arrears as at 31 December	Estimated Revenue	Billed Revenue	Collected Revenue	Total arrears as at 31 December
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Rates and Taxes	2,501,240	2,633,578	2,669,017	368,035	2,461,368	2,391,123	2,276,462	488,169
Lease Rent	5,096,085	4,231,854	3,734,038	542,821	5,614,245	5,003,541	2,923,622	525,146
Licence Fees	1,200,050	1,277,782	1,296,332	-	900,200	900,200	1,158,566	22,250
Other Revenue	17,520,074	23,278,832	40,494,287	154,073,493	15,093,034	15,193,034	15,048,029	-

2.3.2 Rates and Taxes

Audit Observation

Recommendation

Comments of the Accounting Officer

The receivable balances of the assessment rates as at the end of the year under review amounted to Rs.1,598,504 while action had not been taken in respect of recovery of arrears in terms of Section 158 of the Pradeshiya Sabha Act No.15 of 1987. Even though the properties in the authoritative area of the Sabha should be assessed once in 05 years for the purpose of recovery of rates and taxes, the properties had not been assessed after the year 2009.

Action should be taken in terms of the provisions of the Act.

Action had been taken to recover maximum of assessment tax and acreage tax and action has been taken to carry out a new assessment.

2.3.3 Lease Rent

Audit Observation

Even though the legal actions had been taken to recover a sum of Rs.525,146 receivable since the year 2014 from the Kotiyakumbura beef shop, the arrears could not be recovered as per the judgment, due to lack of the assets belonging to the lessee.

Recommendation

Action should be taken to obtain a court order.

Comments of the Accounting Officer

Even though the money should be recovered according to the judgment of the case he has reported to the court that he has no assets.

2.3.4 Licence Fees

Audit Observation

The Sabha had not taken action in respect of 32 industries which had not obtained environmental licences in terms 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 regulations imposed under it. As such a revenue of Rs.128,000 had been deprived of by the Sabha, while a timely assessment had not been made in respect of the environmental impact made from those industries.

Recommendation

Necessary steps should be taken to issue licences properly to all institutions which should obtain environmental licences.

Comments of the Accounting Officer

A field inspection will be carried out and necessary action will be taken to issue licences to all industries which had not obtained the licences.

2.3.5 Court Fines and Stamp Fees

Audit Observation

The Court Fines and Stamp Fees receivable from the Chief Secretary of the Provincial Council and other authorities as at 31 December 2019 amounted to Rs.2,819,325 and Rs.20,716,866 respectively.

Recommendation

Action should be taken to recover revenue receivable to the Sabha.

Comments of the Accounting Officer

The stamp fees upto March 2019 has been received and action is being taken to obtain balance 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 the comfort, facilities and wellbeing of the people under Section 3 of the Pradeshiya Sabha Act are given below.

(a) By-laws

Audit Observation	Recommendation	Comments of the Accounting Officer
----- Even though, the by-laws should be enacted to execute 16 major matters under Section 126 of the Pradeshiya Sabha Act, a by-law for management of library only had been enacted even by 31 December 2019.	----- By-laws should be enacted.	----- Sixteen by-laws relating to other divisions has been prepared by the Sabha and further actions thereon are being taken.

(b) Solid Waste Management

Audit Observation	Recommendation	Comments of the Accounting Officer
----- A suitable place was not available to dispose sewage in the authoritative area of the Sabha, and as such the clients had lost the opportunity to obtain the gully service.	----- The space should be obtained so as to provide the gully service.	----- Adequate space will be obtained in the future and action will be taken to provide the gully service to the public.

3.2 Operating Inefficiencies

Audit Observation	Recommendation	Comments of the Accounting Officer
----- A sum of Rs.726,978 received in 2 instances during the year 2014 for the works implemented on the provisions of the Chief Ministry of the Provincial Council has been retained in the General Deposit Account even by the end of the year under review due to non-completion of the respective works properly.	----- Relevant works should be completed properly by making maximum use of the funds received.	----- Inquiries have been made to return the amount of Rs.726,978 to the relevant institution and action has been taken to take into revenue a sum of Rs.187,195.

3.3 Assets Management

3.3.1 Assets not Recorded

Audit Observation

Recommendation

Comments of the Accounting Officer

The land and buildings belonging to the Sabha had not been identified and their values had not been recorded.

The all assets belonging to the Sabha should be recorded.

Action will be taken to identify the assets and to update the registers.

3.3.2 Assets not Vested

Audit Observation

Recommendation

Comments of the Accounting Officer

Action had not been taken to transfer a vehicle utilized by the Sabha without the registered ownership.

Action should be taken to transfer the ownership of the vehicles.

Necessary action is being taken to transfer the vehicle.

3.3.3 Maintenance and Repairs

Audit Observation

Recommendation

Comments of the Accounting Officer

Action had not been taken either to repair and utilize or to dispose properly the 02 tractors and a motor cycle valued at Rs.540,900 which were discarded from running from the year 2014 and before that.

The relevant activities should be expeditedly.

Action will be taken to refer it to the Motor Vehicle Examiner and necessary decisions will be taken on the recommendations received.

3.4 Procurements

Procurement Plan

Audit Observation

Recommendation

Comments of the Accounting Officer

Even though, the procurements amounting to Rs.9,055,727 had been made during the year under review, a procurement plan had not been prepared.

A Procurement Plan should be prepared and procurements should be made accordingly.

A Procurement Plan has been prepared for the year 2020.