

The detailed management auditor's report submitted to the Sub-section 11 (2) of the National Audit Act No. 19 of 2018 regarding the financial statements of the Bandaragama Pradeshiya Sabha for the year ending 31 December 2022

Auditing paragraph	Audit query	Explanation	Attachment
1.Financial Statements 1.4.2. Opinion on Financial Statements.	(a) Deviation from Sri Lanka Public Sector Accounting Standard for Local Authorities. (i) Instead of deducting Rs.326,142 for government grants for non-recurring expenses identified in income while adjusting to the surplus under operating activities not in accordance with paragraphs 3.27 to 3.32 of the standard, instead of deducting Rs.9,814.127, instead of adding the decrease in current assets of Rs.35,342,9354 It was reduced twice as Rs. 33,487,4078 and the loss from removal of equipment was stated as cash inflow under investment activities of Rs.64,657.		
1.4.3.Account deficiencies	(i)An amount equivalent to annual depreciation relating to capital grants received in previous years was not recognized in the income of the year under review.		
	(ii) Capital grants amounting to Rs.9,814,127 for the year under review were shown as capital expenditure grants identified in surplus instead of being shown as capital grants under other comprehensive income.		
1.5. non-compliance. 1.5.1.Non-compliance with rules,regulations and management decisions.	1. Section 134 (1). Although an assessment tax shall be levied on the annual value of any immovable property located within the area declared by the regional council as developed areas subject to the approval of the Minister, the assessment tax shall be levied on the assessment of the year 2010.		
	ii) Section 154 Although the council should levy a tax of 01 percent of the sales value of the land auctioned and sold within the jurisdiction of the council, contrary to that, the tax was levied based on the assessed value of the land.		

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	iii) Section 158 Until now, foreclosures were not used as a last resort to collect delinquent assessments.		
	(b) Code of Monetary Regulations of the Democratic Socialist Republic of Sri Lanka (i) Currency Regulation 1645 The log books for the vehicles owned by the council were kept up-to-date.		
	c) Non-Financial Asset Valuation Guide No. 04/2018 dated 31 December 2018 <ul style="list-style-type: none"> • The buildings had not been appraised by a government-recognised professional appraiser. 		
2. Financial review 2.1 Financial Results 2.2 Revenue Administration 2.2.1 Estimated Revenues, Billed Revenues, Accrued Revenues and Accrued Revenues 2.2.2 Revenue Collection Performance	a) As on January 01, 2022, the assessment tax deficit was Rs.3,737,705 and as of December 31, 2022, Rs.1,973,226 or 53 percent had not been collected.		
	b) Although the number of assessment units identified in the council jurisdiction is 6,916, only 4,748 units have been assessed and 2,168 units have not been collected.		
	(c) As of January 01, 2022, the arrears of commercial space rent was Rs. 2,916,712 and as of December 31, 2022, Rs. 1,474,423 or 16 percent had not been collected.		

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	(d) The rental billing of commercial premises for the reviewed year was Rs. 4,872,735 and as of December 31, 2021, Rs. 981,945 or 20 percent had not been collected.		
	The amount of court fines that should have been received from the Chief Secretary of the Provincial Council and other authorities on December 31, 2022 was Rs.1,368,499 and stamp duty was Rs.6,856,431.		07,08
3. Operational review 3.1. Management inefficiencies	(a) The value of Rs.195,000 as emergency purchases for the construction of 04 roads during the year under review. Although 10 ABC cubes were purchased, it was observed that without developing Galanigama Ekamuthu Mawatha, ABC was placed only for the remaining 03 roads. However, for the year under review, Talpiti work yard received only 01 ABC cubes on 16 December 2022 and the quantity of cubes purchased under emergency purchases. Not confirmed by documents.		09,10,11
	(b) Before purchasing the raw materials, a plan for the maintenance of the roads should be prepared and approved, but without this, 80 barrels of colas worth Rs.2,851,200 and 40 cubes of chipgel worth Rs.780,000 were purchased during the year under review.		

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	(c) 40 chips had been purchased by paying Rs. 3,600 more than the agreed price for 01 chips because the order was sent after a delay of 03 months to the supplier chosen to supply raw materials for premix.		
	(d) Although technical officers should have measured the quantity of raw materials received at the work yard and given a written report, the same was not done in the case of sand and chips purchased during the year under review.		
	(f) Millaniya Pradeshiya Sabha was established as a separate unit from Bandaragama Pradeshiya Sabha on February 11, 2018 and although nearly 05 years had passed, Bandaragama Pradeshiya Sabha had agreed to pay the amount of Rs.8,000,000 to Millaniya Pradeshiya Sabha by December 31, 2022. It was observed that due to non-payment, the work of distribution of assets was further delayed.		
3.2. Asset management	(a) From the year 2019 to the year 2022, the amount of allocated road in the land that was divided and auctioned was not calculated and entered in the road register and the road register was not updated after the year 2018.		
	(b) Section 10 of the Ordinance on Public Burials and Private Burials No. 57 of 1946 required fences to be set up for the protection of cemeteries, but none of the cemeteries owned by the council had fenced boundaries.		
	(c) The ownership of 25 burial grounds under the administration of Bandaragama Regional Council had not been transferred to the Council.	The necessary activities are being carried out to hand over to the council. Accordingly, a letter dated 28.6.2023 was directed to get the recommendation of the Local Government Commissioner for the applications related to obtaining assignment orders and accordingly the Local Government Commissioner (B.P.)LGD/10E/LAND-AGK/2022 and by letter dated 04.08.2023, the respective applications	

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	d) As per the State Finance Circular No. 08/2020 dated December 09, 2020, the motor bikes that are not in running condition and are not repaired have not been repaired.		
3.3.Procurement Management	Before calling for the prices, the procurement department had prepared a cost estimate for the purchases and for that, 04 air conditioners had been purchased for Rs. 977,497 without being included in the annual procurement plan.		
3.4.Human resource management	The balance of Rs.845,590 due from 11 deceased, retired, retired and suspended employees had not been collected by 30 May 2023.		
4.Accountability and good governance 4.1.Environmental problems	Rs.7,842,000 was spent for the year under review for the provision of garbage machinery owned by the council and to reduce the cost of replacing a garbage yard and producing compost or providing indoor compost bins to the council area to reduce the amount of composting waste collected or disposing of the composting waste. The assembly was focused on receiving.		