

Weliwitiya Divithura Pradeshiya Sabha
Galle District

1. Financial Statements

1.1 Presentation of Financial Statements

Financial Statements for the year under review had been submitted to the Audit on 26 March 2014 while Financial Statements relating to the preceding year had been submitted on 02 April 2013. The Auditor General's Report relating to the year under review was issued to the Chairman of the Sabah on 22 December 2014.

1.2 Opinion

In my opinion except for the effect on the matters described in paragraph 1.3 of this report, financial statements give a true and fair view of the financial position of the Weliwitiya Divithura Pradeshiya Sabah as at 31 December 2013 and its financial performance for the year then ended in accordance with generally accepted accounting principles.

1.3 Comments on Accounts

1.3.1 Non-compliance with Public Sector Accounting Standards

Although all Local Authorities should prepare financial statements according to Public Sector Accounting Standards in terms of circular No. PED/54 dated 19 January 2010 of the Director General of Public Enterprises with effect from 01 January 2011 those accounting standards had not been followed.

1.3.2 Accounting Policies

Accounting Policies followed by the Sabah had not been disclosed with the financial statements.

1.3.3 Accounting Deficiencies

Value of 139.1 perch land at Gorakakanda, Nisalagama had not been assessed and shown in the financial statements.

1.3.4 Lack of Evidence for Audit

Ownership Deeds, updated Register of Fixed Assets, Board of Survey Reports and Certificates of Confirmation of Balances relating to the Rs.30,110,884 value of transactions were not furnished to audit.

2. Financial and Operating Review

2.1 Financial Results

According to the Financial Statements presented, excess of revenue over recurrent expenditure of the Sabah for the year ended 31 December 2013 amounted to Rs.1,150,950 as compared with the corresponding excess of revenue over recurrent expenditure for the preceding year amounted to Rs.1,723,316.

2.2 Revenue Administration

2.2.1 Acreage Tax

Action had not been taken during the year under review as well to recover the Acreage Tax for the year under review and the previous year's amounting to Rs. 130,038 in terms of Section 158 of the Pradeshiya Sabah Act No. 15 of 1987.

2.2.2 Court Fines and Stamp fees

Court Fines amounting to Rs. 274,917 and Stamp Fees amounting to Rs.4,227,265 were outstanding to be recovered from the Chief Secretary of the Provincial Council and other authorities as at 31 December 2013.

2.2.3 Stalls Rent

Following matters were revealed at the audit inspection carried out with regard to leasing out the stalls at Ethkandura.

- (i.) Although the property taken on lease should not be sub-leased in terms of Condition 04 of the agreement, stalls No.4 and 5 had been sub-leased for Rs.3,000 monthly.

- (ii.) Although gambling should not be done or allowed to be carried on by the lessee in terms of condition 10 of the agreement it was observed that the lessee had been running a Race Bookie in stall No.13 and stall No.12 had been closed.

2.2.4 Recovery of Charges at Ethkandura Weekly Fair

Following matters were revealed at the audit inspection carried out on 06 February 2014 with regard to leasing out the stalls at Ethkandura.

- (i.) While charges to be recovered had not been notified on the basis per stall or trade, through a Sabha decision or a Gazette Notification, a fixed charge had not been recovered on the basis of trade.
- (ii.) Head Office Stamp had not been placed on the Receipt Books issued from the Head Office to the officer engaged in collection of charges in the weekly fair.
- (iii.) While trading activities had been carried out in tents installed in front of the stalls without using the stalls, stalls had been used for stacking stocks and parking cycles as well.
- (iv.) Twenty stalls had not been used due to improper construction, lack of repairs and facilities required to the traders.

2.2.5 Telecommunication Tower Charges

Following matters were revealed at the audit inspection carried out on 14 February 2014 with regard to the Telecommunication Towers erected in the area of authority of the Sabha.

- (i.) While a Certificate of Conformity should be obtained with regard to each telecommunication tower constructed in the area of authority of the Sabah as mentioned in the Gazette Notification No. 1597/8 dated 17 April 2009 of the Urban Development Authority, a fine of Rs. 50 per day should be recovered from the date of expiry given to use it without such certificate is issued unless if an amendment had not been made by the Sabha. Accordingly, conformity fees amounting to Rs.15,000 for 03 towers constructed and used in the area of authority of the Sabha and fines

amounting to Rs.237,450 had not been recovered.

- (ii.) When making payment of processing charges for a telecommunication tower constructed in Namunukula State, Akuretiya by a private firm, covering approval had been given on 05 February 2009 subject to payment of a sum of Rs. 20,000. However, action had not been taken to recover that amount even up to February 2014.

3. Operational Review

(a.) Waste management

The Chairman had informed the necessity of a tipper vehicle for waste management of the Sabah as well as maintenance of roads and street lamps to the Provincial Director of Pura Neguma on 03 September 2012. Accordingly a tipper vehicle with a capacity of two cubes valued at Rs.3,450,574 had been provided to the Sabah on 11 September 2013. However, the Chairman had informed the Provincial Project Director on 08 October 2013 that it is difficult to run this vehicle in narrow roads in the area f authority of the Sabha.

(b.) Failure to Vest Assets and Liabilities

Although the accounts had been prepared based on the asset valued at Rs 4,606,306 and liabilities valued at Rs.2,740,757 decided to be transferred to the Welipitiya Divithura Pradeshiya Sabah by the Karandeniya Pradeshiya Sabah on the basis of recommendations by the Assets and Liabilities Distribution Committee, the relevant assets and liabilities had not been legally vested in the Pradeshiya Sabah even as at 11 April 2014, date of audit.

4. Systems and Controls

Special attention of the Sabha is needed in respect of the following areas of systems and controls.

- (a.) Revenue Administration
- (b.) Assets Management