

Welimada Pradeshiya Sabha

Badulla District

1. Financial Statements

1.1 Presentation of Financial Statements

Financial Statements for the year under review had been submitted to the Audit on 31 March 2016 while Financial Statements relating to the preceding year had been submitted on 30 March 2015. The Auditor General's Report relating to the year under review was issued to the Secretary of the Sabha on 06 September 2016.

1.2 Opinion

In my opinion, except for the effect of the matters described in paragraph 1.3 of this report, financial statements give a true and fair view of the financial position of the Welimada Pradeshiya Sabha as at 31 December 2015, its financial performance for the year then ended in accordance with Generally Accepted Accounting Principles.

1.3 Comments on Financial Statements

1.3.1 Accounting Deficiencies

Following deficiencies are observed.

- (a) The value of 05 vehicles received to the Sabha during the year under review had been understated in a sum of Rs. 16,985,047 in the accounts.
- (b) Value of 69 Galvanized Flag Posts amounting to Rs. 68,208 received to the Sabha during the preceding year had not been accounted.
- (c) Provision for Creditors amounting to Rs.16,055 payable to the Local Government Service Pension Fund had not been made.
- (d) Value of Work Creditors had been overstated in a sum of Rs. 1,700,113 in the accounts.
- (e) twelve Items of Expenditure amounting to Rs. 589,200 relevant to the preceding year incurred during the current year had been accounted as expenditure for the current year.

- (f) Provision for Creditors on account of 25 Items of Expenditure committed during the year under review amounting to Rs. 186,562 had not been made.
- (g) Value of Closing Stock amounting to Rs. 360,740 had not been accounted.
- (h) Stamp Fees amounting to Rs. 39,400 and Court Fines amounting to Rs. 7,699,827 received on account of the preceding year had been accounted as revenue for the year under review.
- (i) The value of the computer machine amounting to Rs. 77,500 received under the Offal Transport Project had not been accounted.

1.3.2 Non-reconciled Control Accounts

The balance according to the Cash Book as at 31 December of the year under rearview and the balance according to the Bank Reconciliation Statement could not be reconciled in a sum of Rs. 33,001.

1.3.3 Accounts Receivable and Payable

Accounts Receivable balances as at 31 December of the year under review was Rs. 44,61 8,773, while the value of Accounts Payable balances as at that date had been Rs. 58,407,907.

1.3.4 Lack of Evidence for Audit

Four Items of Accounts valued at Rs. 2,489,220 could not be satisfactorily vouched in audit due to non-submission of information for confirmation of balances.

1.3.5 Non-compliance with Laws, Rules and Regulations.

Following instances of Non-compliance with Laws, Rules, Regulations etc.were observed in audit.

Reference to Laws, Rules, Regulations etc.	Non-compliance
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(a) Pradeshiya Sabha (Financial and Administrative) Rules of 1988 Rule 218	A survey of Land and Buildings had not been carried out once a year.

(b) Financial regulations of the Republic
of Sri Lanka

(i) Financial Regulation 371

Advances amounting to Rs.2,319,133 paid to various parties in 32 instances had not been settled.

(ii) Financial regulation 571

Action had not been taken to clear 43 Time Lapsed Deposits amounting to Rs. 2,182,737.

(c) Clause 4 in Chapter XXIV of the Establishments Code of the Republic of Sri Lanka

Action had not been taken to recover Staff Loans totaling Rs. 220,454 due to the Sabha from 02 officers who had vacated post and left on transfers ,

(d) Treasury Circular No.IAI/2002/02 dated 28 November 2002.

A register had not been maintained for 14 Computers and accessories relevant to those.

(e) Circular No. SEC/2002/03 dated 03 July 2012 of the Commissioner General of Inland Revenue

A sum of Rs. 128,823 had been remitted to the Commissioner General of Inland Revenue during the months from October to December 2015, due to incorrect computation of Value added Tax.

2. Financial 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 2015 amounted to Rs. 22,651,504 as compared with the corresponding excess of revenue over recurrent expenditure for the preceding year amounted to Rs. 26,007,502.

2.2 Revenue Administration

2.2.1 Performance in Revenue Collection

Progress relating to recovery of arrears of revenue at the beginning of the year under review was at a level lower than 50 per cent .

2.2.2 Lease Rent

- (a) Action had not been taken to recover Stalls Rent in arrears for a period between 6 to 166 months amounting to Rs. 1,171,199, relevant to 23 stalls.
- (b) Action had not been taken to recover tendered Stalls Rent in arrears up to 31 December 2015, amounting to Rs. 1,741,909 relevant to the year 2011.

2.2.3 Courts Fines and Stamp Fees

Courts Fines amounting to Rs. 11,895,445 and Stamp Fees amounting to Rs. 9,335,300 were due to recovered as at 31 December 2015 from the Chief Secretary to the Provincial Council and other authorities.

3. Operational Review

3.1 Management Inefficiencies

Following matters are observed.

- (a) Action had not been taken with regard to Salaries amounting to Rs. 1,700,352 and Members Allowance amounting to Rs. 156,500 that should have been reimbursed during the period from the year 2006 to the year 2012.
- (b) A sum of Rs. 1,000,000 provided for improvement of community infrastructure facilities under the Pradeshiya Sabha Strengthening Project had been remitted back on 28 March 2016 due to non-implementation of proposed Works.

4. Good Governance and Accountability

4.1 Budgetary Control

The Budget had not been made use of as an effective tool of management for revenue and expenditure control during the year under review.

4.2 Annual Procurement Plan

An Annual Procurement Plan had not been implemented during the current year.

4.3 Internal Audit

An adequate internal audit had not been carried out for the year 2015.

4.4 Audit and Management Committee

Audit and Management Committees had not been established during the current year.

4.5 Assets Management

Idle Assets

Following matters are observed.

- (a) A Three Wheeler Vehicle purchased for Rs.138,650 during the year 1993 remained idle.
- (b) Two Hand Tractors, a Water Bowser, a Tractor, a Fire Extinguish Vehicle, a Tractor Trailer and a Plough in the Keppetipola Sub –office belong s to the Sabha remained idle.
- (c) Revenue that could have been earned through investment had been lost to the Sabha as a daily collected sum of Rs. 85,740,281 in the sub-offices belong to the Sabha had been kept idle throughout the year without being transferred monthly to the Head Office during the period from January to December of the year under review .

5. Systems and Controls

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

- (a) Accounting
- (b) Revenue Administration
- (c) Debtors and Creditors Control
- (d) Assets Management.

