

Welikanda Pradeshiya Sabah

Polonnaruwa District

1. Financial Statements

1.1 Presentation of Financial Statements

Financial Statements for the year under review had been submitted to Audit on 03 May 2016 while Financial Statements relating to the preceding year had been submitted on 01 April 2015. The Auditor General's Report relating to the year under review was sent to the Secretary of the Sabha on 12 July 2016.

1.2 Opinion

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

1.3 Comments on Financial Statements

1.3.1 Accounting Deficiencies

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- (a) A sum of Rs. 700,838 Receivable and Payable for the Projects performed under decentralized funds had not been shown in the accounts.

 - (b) Value of Library Books belongs to the Sabha amounting to Rs.1,054,126 haad not been s hown under Fixed Asets in the balance Sheet.

1.3.2 Non-compliance with Laws, Rules and Regulations etc.

Reference to Laws, Rules and Regulations etc.	Non-compliance
(a) Pradeshiya Sabha Act No. 15 of 1987.	
Sections 150(1) , 152(1) and 153(1)	Lists relating to Industries, Trading Businesses and Professions had not been prepared and submitted to the Secretary on or before 31 of the year.
(b) Circulars and Letters	
Letter No. NC/P/LG/A/14/2 dated 26 May 2015 of the North Central Province Commissioner of Local Government	While decisions of the Administrative Committees had not been taken for the Projects implemented by the Sabha, procurement works had been carried out without appointing a Procurement Committee and a Technical Evaluation Committee as per directions given in the Procurement Guidelines.

2. Financial Review

2.1 Financial Results

According to the Financial Statements presented, excess of revenue over recurrent expenditure for the year ended 31 December 2015 amounted to Rs. 1,120,053 as against the excess of recurrent expenditure over revenue for the preceding year amounted to Rs. 4,084,286.

3. Operating Review

3.1 Operating inefficiencies

- (a) Estimates had been prepared without proper identification of revenue sources of the Sabha while adequate course of action had not been taken for the recovery of revenue. Due to that, actual revenue of certain items of revenue had taken a value, very lower than the estimated revenue.

- (b) The Vehicle Garage for parking the vehicles belong to the Sbha and the Store Room constructed having spent a sum of Rs. 238,296 during the year under review had been demolished and removed befor expiry of 8 after using.
- (c) While 213 galvenized pipes valued at Rs. 235,821 provided to the Sbha from the Ministry of Provincial Councils and Local Government during the preceding year had been taken away and not returned by the ex-members of the Sabha, action had not been taken by the Sabha to recover the value from the parties responsible.
- (d) While the bank balance according to the cash book had taken a minus value in number of months during the year under review, the bank balance as at 31 December 2015 according to the cash book had taken a minus value of Rs. 277,214.

3.2 Management Inefficiencies

- (a) While conducting committee meetings and decesion making had not been taken place according to a proper procedure, register for recording decesions had been in a very disorderly condition.
- (b) While there were 11 vacancies and a surplus of 04 posts in the approved cadre, 06 employees had been recruited on casual basis during the year under review. In this connection, approval of the Commissioner of Local Government had not been for creation of posts and fixing salaries in terms of Section 19(1)(1) of the Pradeshiya Sabha Act No. 15 of 1987.

4. Good Governance and accountability

4.1 Annual Action Plan

An Action Plan including activities aiming at achievement of objectives mentioned in the Pradeshiya Sabha Act with a long term vision in terms of paragraph 04 of the Public Finance Circular No. 01/2014 dated 17 February 2014 had not been prepared for the year under review.

4.2 Internal Audit

An internal audit had not been carried out with regard to financial and operational activities of the Sabha.

4.3 Implementation of Audit and Management Committees

Any meetings of Audit and Management Committees had not been conducted during the year under review by the Sabha.

4.4 Assets Management

(a) Idle Assets

- (i) While equipment valued at Rs. 613,500 for production of rice flour and rice associated products had been received during the years 2008 and 2009 from the Chief Ministry of the North Central Province, those equipment had not been utilized for the expected objectives even up to March 2016.
- (ii) The building constructed in Velikanda Fair Ground during the year 2007 incurring expenditure totaling Rs. 750,000 as funds provided by the Ministry of Local Government and funds of the Velikanda Pradeshiya Sabha for implementation of Solid Waste Project remained idle during a period more than 8 years.
- (iii) Although the Mahendra Cab Vehicle bearing No. WPLE – 7473 belongs to the Sabha could be repaired and used, that vehicle remained idle during a period more than 2 years without being repaired.

(b) Annual Board of Survey

Annual Board of Survey had not been carried out from the year 2011 up to the year under review.

4.5 Audit Queries not resolved and not replied.

While replies had not been furnished up to March 2016 to 07 audit queries issued during the period from the year 2009 to the end of the year under review, the top management had not paid any attention in that connection.

5. Systems and Controls

Special attention is needed in the following areas of control.

- (a) Accounting
- (b) Internal Control
- (c) Financial Control
- (d) Revenue Administration
- (e) Assets Management.