

Weligepola Pradeshiya Sabha

Ratnapura District

1. Financial Statements

1.1 Presentation of Financial Statements

The financial statements for the year 2017 had been presented to audit on 28 March 2018 and the Report of the Auditor General on the financial statements had been forwarded to the Chairman on 18 June 2018.

1.2 Qualified Opinion

In my opinion, except for the effects 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 Weligepola Pradeshiya Sabha as at 31 December 2017 and 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

The following matters were observed.

- (a) Assets totalling Rs.66,453 which recommended to be disposed by the Report of the Boards of Survey of the year 2017 had been adjusted in the financial statements and as such the fixed assets had been understated by same amount.
- (b) Actual stamp fees revenue and court fines revenue relating to the year under review had not been identified while estimated revenue totaling Rs. 6 million had been brought to account.
- (c) The provisions for audit fees had not been made for the year under review.

1.3.2 Unreconciled Accounts

A difference of Rs.1,232,362 was observed between the balances according to the financial statements as at the end of the year under review in respect of 02 items of accounts and the balances according to the subsidiary registers.

1.3.3 Lack of Written Evidence for Audit

The detailed schedules required to confirm the balances in respect of Property, Plant and Equipment totalling Rs.50,941,371 as at 31 December 2017 had not been furnished to audit.

1.3.4 Non-compliances

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

Instances of non-compliances with laws, rules, regulations and management decisions are given below.

Reference to Laws, Rules, Regulations and Management Decisions	Value	Non-compliance
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	Rs.	
(a) 1988 Pradeshiya Sabha (Financial and Administration) Rules Rule 204	50,270	Action had not been taken on shortages of 48 units of 03 items of assets which revealed in the Annual Boards of Survey 2016.
(b) Financial Regulations of the Democratic Socialist Republic of Sri Lanka		
(i) Financial Regulation 371 (2)(c)	2,595,105	Advances granted during the period from the year 1988 to 2017 had not been settled.
(ii) Financial Regulation 571 (3)	468,785	Action had not been taken on deposits relating to the period from the year 1988 to 2015.
(c) Circular No.2009/1 of the Commissioner of Local Government dated 09 March 2009.		The lease rent had not been revised once in 5 years.

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 2017 amounted to Rs.3,966,680 as compared with the excess of revenue over recurrent expenditure of the preceding year amounting to Rs.6,924,307.

2.2 Revenue Administration

2.2.1 Estimated Revenue, Billed Revenue, Collected Revenue and Arrears of Revenue

The information with regard to the estimated revenue, billed revenue, collected revenue and arrears of revenue furnished for the year under review and for the preceding year appears below.

Source of Revenue	2017				2016			
	Estimated Revenue	Billed Revenue	Collected Revenue	Total arrear 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	6,832,725	9,076,249	7,984,277	4,787,515	4,248,500	8,365,512	7,061,067	4,121,595
Lease Rent	2,340,297	1,790,628	1,860,149	159,072	2,716,455	2,071,066	1,884,578	244,435
Licence Fees	1,155,300	1,422,234	1,422,234	-	931,900	1,130,882	1,180,332	5,000
Other Revenue	8,939,900	8,348,354	3,019,897	11,541,330	58,684,717	5,079,761	34,870,420	5,803,140

2.2.2 Performance in Collection of Revenue

A comparison of the estimated revenue of the year under review with the revenue collected showed an increase in revenue collected with regard to revenue items such as rates and taxes, licence fees and service charges by 17 per cent, 23 per cent and 05 per cent respectively and the revenue collected with regard to the revenue items such as lease rent, warrant charges and fines, other revenue and contribution made by the Government had decreased by 21 per cent, 87 per cent, 85 per cent and 53 per cent respectively as compared with the estimated revenue.

2.2.3 Rates

The balance of arrears of rates and taxes as at 31 December 2017 amounted to Rs.4,703,281 whereas the follow-up action on recovery of those arrears of taxes had remained at a weak position.

2.2.4 Other Revenue

The following matters were observed.

- (a) The Sabha had failed to recover a sum of Rs.190,000 recoverable from 04 advertisements hoardings displayed within the authoritative area of the Sabha.
- (b) The Sabha had failed to recover the water bill charges recoverable totalling Rs.766,458.

2.2.5 Court Fines and Stamp Fees

The following matters were observed.

- (a) Action had not been taken to identify and recover the court fines receivable from Land Registry, Balangoda in respect of the period from January 2015 to December 2017 and the arrears of stamp fees receivable from the Land Registry, Embilipitiya in respect of the period from September 2016 to December 2017.
- (b) Court fines revenue receivable for the year under review amounting to Rs.1,523,936 had not been recovered.

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 public roads and comfort, facilities and wellbeing of the people under Section 3 of the Pradeshiya Sabha Act are given below.

(a) Action Plan

An action plan for the year under review had not been prepared.

(b) Failure to achieve Expected Output level

Even though, the provisions of Rs.3,907,140 had been made for Development of Weligepola Weekly Fair – Stage II under the National Programme of Strengthening of Pradeshiya Sabhas implemented by the Ministry of Provincial Councils and Local Government, the Sabha had failed to implement that project during the year under review.

(c) Solid Waste Management

The bio-degradable waste collected by the Sabha has been disposed to an open area and has been closed with putting soil thereon while it was failed to plan implement a proper programme in respect of waste management.

(d) Sustainable Development Goals

As the sabha had not known the, 2030 Agenda of the Sustainable Development Goals, the long term plans to upgrade to livelihood and health of the people of the authoritative area of the Sabha through global indicators for that goals had not been prepared even by May 2018.

3.2 Human Resources Management

Staff Loans

The balances of loans outstanding in respect of 06 officers on the reasons such as retirements, station transfers and vacated of posts totalled Rs.103,374.

3.3 Operating Inefficiencies

In a sample test carried out on water quality, it was confirmed that the Coliform Bacteria was shown in the water which supplied by 05 water projects implemented by the Sabha to execute the drinking water requirement of the people living within the authoritative area of the Sabha. Therefore, the Medical Officer of Health had emphasized that the water supplied by those projects should be chlorination daily and a training on chlorination had been given to the officers of the Sabha as well. But a risk of dissemination of communicable diseases was shown due to that the chlorination had not been done properly and implemented.

3.4 Procurements

Procurement Plan

A Procurement Plan for the year under review had not been prepared.

4. Accountability and Good Governance

4.1 Budgetary Control

The following matters were observed.

- (a) The entire provisions totalling Rs.210,000 made for 12 Objects in the year under review had not been utilized.

- (b) Out of the total provisions of Rs.5,575,000 made for 20 Objects, the savings had ranged from 50 per cent to 99 per cent.

4.2 Audit and Management Committees

Action had not been taken to establish and implement the Audit and Management Committees.

5. Systems and Controls

Deficiencies observed during the course of audit were brought to the notice of the Sabha from time to time. Special attention is needed in respect of the following areas of controls.

System

Deficiency

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|----------------------------|---|
| (a) Accounting | (i) Failure to identify expenditure. |
| | (ii) Failure to identify Revenue. |
| | (iii) Non-reconciliation of ledger accounts and subsidiary registers. |
| (b) Revenue Administration | Non-recovery of due revenue. |
| (c) Budgetary Control | Savings on provisions. |