

**Weligama Pradeshiya Sabha**

-----  
**Matara District**  
-----

**1. Financial Statements**

**1.1 Presentation of Financial Statements**

The financial statements for the year 2018 had been presented for audit on 29 March 2019 and the summary report of the Auditor General on the financial statements and the detailed management report had been forwarded to the Chairman on 25 May 2019 and 31 May 2019 respectively.

**1.2 Qualified Opinion**

In my opinion, except for the effect of matters described in the basis for qualified opinion section of this report, the financial statements give a true and fair view of the financial position of the Weligama Pradeshiya Sabha as at 31 December 2018 and its financial performance for the year then ended in accordance with Generally Accepted Accounting Principles.

**1.3 Basis for Qualified Opinion**

**(a) Accounting Deficiencies**

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
(i) Buildings valued at Rs.2,973,826 constructed under various provisions during the year under review had not been brought to account.	Fixed assets should be correctly brought to account.	Action is being taken to capitalize these values.
(ii) Provision for creditors amounting to Rs.2,201,681 had been made for 02 work which not even commenced by end of the year under review.	Provision for creditors should be correctly brought to account.	Final accounts had been based on the information provided for work.
(iii) The balance of work debtors receivable as at end of the year under review had been understated in the accounts by Rs.310,864.	The value should be correctly brought to account.	Values are revised due to revision of bills and due to extra work done.

- |      |   |   |  |
|------|---|---|--|
| (iv) | Stock of technical items at end of the year under review had been overstated in the accounts by Rs.84,598.  | Stocks should be correctly brought to account.      | Error due to entering twice.   |
| (v)  | Court fees receivable as at end of the year under review had been overstated in the accounts by Rs.193,650. | Court fines should be correctly brought to account. | The value is an estimated value. Adjustments for over/under provision will be made subsequent to the schedules obtained. |

#### 1.4 Non compliance

-----

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

-----

Instances of non-compliance with laws, rules, regulations and management decisions appear below.

<b>Reference to Laws, Rules, Regulations and Management Decisions</b>	<b>Non-compliance</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
-----	-----	-----	-----
(a) 1988 Pradeshiya Saba (Finance and Administration) Rule 218	Action had not been taken to carry out a board of survey of all land and buildings of the Sabha.	Action should be taken according to the rule	Action will be taken to carry out a survey of fixed assets and obtain a report in 2019.
(b) Section 05 of the circular No. පපා/පපාකො/2010/1 of 27 December 2010 of the Commissioner of Local Government, Southern Province.	Agreements of 06 stalls of 04 shopping complexes of the Pradeshiya Sabha had not been updated.	Action should be taken according to the circular.	Action had been taken to send reminders again.

## 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 of the year under review amounted to Rs.61,505,655 as compared with the excess of revenue over recurrent expenditure of the preceding year amounting to Rs.63,645,269.

## 2.2 Revenue Administration

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

Information relating to the estimated revenue, revenue billed, revenue collected and the arrears of revenue furnished for the year under review and the previous year appear below.

Source of Revenue	2018				2017			
	Estimated Revenue	Revenue Billed	Revenue Collected	Total arrears as at 31 December	Estimated Revenue	Revenue Billed	Revenue Collected	Total arrears as at 31 December
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Rates and Taxes	3,955,200	3,610,693	3,424,594	1,539,912	4,590,500	5,496,311	5,311,532	1,353,812
Rent	3,735,600	3,245,491	2,654,143	1,352,900	3,657,500	3,066,989	2,893,534	761,552
Licence Fees	5,667,500	11,112,302	10,809,302	1,803,000	4,175,500	7,809,196	6,363,346	1,500,000
Other Revenue	60,655,000	78,512,849	33,411,971	184,136,728	54,370,600	61,101,942	7,969,035	139,035,850
Total	74,013,300	96,481,335	50,300,010	188,832,540	66,794,100	77,474,438	22,537,447	142,651,214

## 2.2.2 Performance in collection of Revenue

-----

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
-----	-----	-----
<p>The estimated revenue of the year under review amounted Rs.74,013,300. The balance of arrears as at commencement of the year under review amounting to Rs.142,651,214 and the billings of Rs.96,481,335 had resulted in receivables amounting to Rs.239,132,549. The total recoveries during the year amounted to Rs.50,300,010 only. As such, the arrears recoverable as at 31 December of the year under review amounted to Rs.188,832,540. The percentage of recovery was 21.</p>	<p>Arrears of revenue should be recovered soon.</p>	<p>On an overall basis 97 per cent is represented by stamp fees, court fines and reimbursement of street lamps charges. These arrears are to be reimbursed from the government funds. The amount recoverable from outsiders is a small percentage of 3.</p>

## 2.2.3 Rates and Taxes

-----

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
-----	-----	-----
<p><b>(a) Rates</b></p> <p>-----</p> <p>The balance at the commencement of Rs.1,192,409 added to the billings of the year of Rs.306,660 had resulted in receivables of Rs.1,499,069. The arrears at the end of year amounted to Rs.1,356,560 due to the total recoveries of Rs.142,509 and the percentage of recovery was 10.</p>	<p>Recovery of arrears of revenue should be intensified.</p>	<p>Action is being taken to recover this arrears of revenue by conducting mobile services in future.</p>
<p><b>(b) Acreage Tax</b></p> <p>-----</p> <p>The balance at the commencement of Rs.110,254 added to the billings of the year of Rs.11,197 had resulted in receivables of Rs.121,451. The arrears as at end of the year amounted to</p>	<p>Recovery of arrears of revenue should be intensified.</p>	<p>Action will be taken to recover tax by identifying the registered land by carrying out a survey in future.</p>

Rs.120,161 due to the recoveries of Rs.1,290 during the year and the percentage of recovery was one.

**2.2.4 Rent**

-----

**Audit Observation**

**Recommendation**

**Comments of the Accounting Officer**

-----

-----

-----

**(a) Lease Rent**

-----

The balance at the commencement of Rs.761,522 added to the billings of the year of Rs.3,245,491 had resulted in receivables of Rs.4,007,043. The arrears as at end of the year amounted to Rs.1,352,900 due to the recoveries of Rs.2,654,143 during the year.

Recovery of rent should be intensified.

Action will be taken to recover in future.

**(b) Licences Fees**

-----

The balance at the commencement of Rs.1,500,000 added to the billings of the year of Rs.11,112,302 had resulted In receivables of Rs.12,612,302. The arrears as at end of the year amounted to Rs.1,888,600 due to the recoveries of Rs.10,723,702 during the year

Recovery of arrears of licence fees should be intensified.

Legal action had been taken to recover the arrears.

**2.2.5 Other Revenue**

-----

**Audit Observation**

**Recommendation**

**Comments of the Accounting Officer**

-----

-----

-----

**Court Fines and Stamp Fees**

Court fines of Rs.14,284,993 and stamp fees of Rs.167,958,954 were due from the Chief Secretary of the Provincial Council and other authorities as at 31 December of the year under review.

Recovery of arrears of revenue should be intensified.

Letters had been sent to the relevant institutions for recovery of the amount.

## 2.2.6 Surcharges

-----

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
Ten surcharges valued at Rs.7,750,286 had been imposed against those responsible during the previous year against those responsible in terms of provisions in the Pradeshiya Sabha Act.	Action should be taken in terms of provisions in the Act.	A certified copy of the present position of the surcharges is furnished herewith.

## 3. Operating Review

-----

### 3.1 Performance

-----

The following matters were revealed with regard to duties to be fulfilled by the Sabha in terms of Section 3 of the Pradeshiya Sabha Act, such as regularization and control of matters relating to public health, common amenities and public highways, healthy environment of the public, facilities, welfare etc.,

#### 3.1.1 Action Plan

-----

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
Action plan had not been prepared with regard to all duties to be fulfilled by the Sabha in terms of the bye-laws enacted.	Annual action plan should be prepared.	Action will be taken to prepare in future.

#### 3.1.2 Delay in performing Tasks

-----

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
(a) Delay in construction of Nidangala crematorium.	Action should be taken to complete the project during the period specified.	Project had been stopped halfway. Although requests had been made to credit the balance due on behalf of the construction of crematorium to the account of the Pradeshiya Sabha

by letter No. 07/ප්‍රාස/ආදන/11/2006 of 21 January 2010, documentary confirmations could not be obtained.

- |  |   |   |
|--|---|---|
| (b) Delay in construction of Warakapitiya crematorium.   | Action should be taken to complete the project during the period specified. | The Ministry of Provincial Councils and Local Government had approved Rs.45,000,000 to implement the project again during 2017/2018 and being implemented under the Puraneguma Project. |
| (c) Delay in construction of the Special Economic Centre proposed to be constructed at Dehipitiya. | Action should be taken to complete the project during the period specified. | Proposed to be carried out under the budget 2019.   |

### 3.1.3 Solid Waste Material Management

----- <b>Audit Observation</b> -----	----- <b>Recommendation</b> -----	----- <b>Comments of the Accounting Officer</b> -----
(a) Disposal of garbage in a land of 01 acre, 01 rood and 2.8 perches named Garaduwa Kadolana exchanged for disposal of garbage had been stopped due to protests made by the public.	Non degradable garbage should be recycled.	Had been referred for recommendations of the Low Land Development Corporation. The garbage management project would be implemented after obtaining the recommendations. Expected to be implemented during this year.
(b) Garbage had been illegally disposed of in 03 lands of Polathumodera Ganga reserve and filled with soil.	Non degradable garbage should be recycled.	Due to the protests made by the public regarding the Kamburugamuwa Garaduwa land, disposal of garbage had taken place in a private land and Polathumodera ganaga reserve. In order to minimize the environmental pollution, the Sabha had taken action to fill with soil.
(c) An expenditure of Rs.1,709,935 had been incurred on usage of	Non degradable garbage should be recycled.	The Sabha had taken action to fill with soil to minimize environmental pollution. Vehicles of the Sabha had

machinery of the Sabha from 2015 to the year under review in order to fill with soil the garbage dumped in private lands.

been used for transport of soil needed. The becco machine had been used for cutting soil. The expenditure incurred on this amounted to Rs.1,709,935.

### 3.1.4 Sustainable Development Targets

-----

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
-----	-----	-----
<p>The Sabha had not prepared a long term plan to uplift the living standards and health of the public of the authoritative area of the Sabha by the global indicators referred to in the 2030 Agenda of the Sustainable Development relating to sustainable development objectives and targets.</p>	<p>Programmes to achieve sustainable development objectives and targets should be prepared and implemented.</p>	<p>Preparation of sustainable development plan had already been finalised.</p>

### 3.2 Human Resources Management

-----

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
-----	-----	-----
<p><b>(a) Vacancies and Excesses in the cadre</b></p> <p>-----</p> <p>Action had not been taken even by end of the year under review to fill 11 vacancies in the approved cadre and to regularize 27 excesses.</p>	<p>Vacancies in the cadre should be filled and the excesses regularized.</p>	<p>Action is being taken to regularize the employees who had not been approved in terms of the Public Administration circular No.25/2014 through the commissioner of Local government.</p>
<p><b>(b) Employees' Loans</b></p> <p>-----</p> <p>Action had not been taken even during the year under review to recover the arrears of loan balances of Rs.105,930</p>	<p>Arrears of loans should be recovered.</p>	<p>Action will be taken to recover the amount in future.</p>



recoverable from defaulters of loan instalments as per register of employees' loans.

### 3.3 Assets Management

-----

#### 3.3.1 Unattended Maintenance and Repairs

-----

Audit Observation	Recommendation	Comments of the Accounting Officer
-----	-----	-----
Ten stalls of the public market complex were in a dilapidated stage. According to an assessment made during the previous year, the monthly assessment amount ranged from Rs.1,700 to Rs.3,400. But the new assessed rent could not be recovered due to unattended repairs.	Assets should be maintained and utilized for earning revenue.	It is proposed to construct a trade complex at Mirissa under the budget proposals of 2019.

#### 3.3.2 Lack of Receipt of Revenue due from Assets

-----

Audit Observation	Recommendation	Comments of the Accounting Officer
-----	-----	-----
Fourteen stalls established in trade complexes at Denipitiya, Welipitiya and Jayawickramapura are far away from the main road. As such, the arrivals of consumers to those places were at a low level. The Sabha had not followed proper procedures to offer these stalls on rent.	Action should be taken to obtain revenue receivable from assets.	It is expected to repair 06 stalls in future by allocating funds.

#### 3.3.3 Idle/Under utilized Assets

-----

Audit Observation	Recommendation	Comments of the Accounting Officer
-----	-----	-----
Three buildings of the Sabha had not been beneficially made use of.	Properties of the Sabha should be beneficially utilized.	Proposal had been made in the budget for 2019 to construct the Special Economic Centre building proposed to be constructed at

Denipitiya. It is expected to construct a community centre building and a cultural centre in Thurkki village and to repair the buildings of the market at Jayawickramapura.

#### 4. Accountability and Good Governance

-----

Audit Observation	Recommendation	Comments of the Accounting Officer
-----	-----	-----
(a) Savings in 05 objects aggregated Rs.18,764,069 ranging from 05 to 65 percent.	Feasible estimates should be prepared.	Favourable variances of 10 per cent in the total estimated revenue and favourable variances of 15 per cent in the total estimated expenditure had been observed on an overall basis. Accordingly, the budget is effective.
(b) The target not achieved in 03 items of revenue aggregated Rs.10,260,240, ranging from 09 to 16 per cent.	Feasible estimates should be prepared.	Favourable variances of 10 per cent in the total estimated revenue and favourable variances of 15 per cent in the total estimated expenditure had been observed on an overall basis. Accordingly the budget is effective.

#### 4.2 Internal Audit

-----

Audit Observation	Recommendation	Comments of the Accounting Officer
-----	-----	-----
(a) Adequate internal audit had not been carried out in terms of Financial Regulations 133 and 134 of the Democratic Socialist Republic of Sri Lanka and the Circular No.	Adequate internal audit should be carried out according to the circular.	The internal audit plan proposed to be implemented in 2019 had been referred to the Superintendent of Audit on 11 January 2019.

දැපාර්ට්මේන්ට්/01/න.ව.ලේ. of 24  
February 2014 of the Southern  
Commissioner of Local  
Government.

- (b) The concurrence of the Auditor General had not been obtained for preparation of internal Audit Programme in terms of Financial Regulation 134. Meanwhile, copies of Internal audit reports had not been furnished to the Auditor General

Action should be taken in terms of the Financial Regulation.

Internal audit activities are already being carried out according to the time frame of the 2019 Internal Audit Plan.