

**Wennappuwa Pradeshiya Sabha  
Puttalam District**

**1. Financial Statements**  
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**1.1 Submission of Financial Statements**  
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The financial statements for year 2018 were submitted to the audit on 28 March 2019 and the Auditor General's summary report on those financial statements was sent on 30 May 2019 and the detailed management report in also to the chairman on 10 July 2019.

**1.2 Qualified Opinion**  
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In this report, except for the effects of the matters described in paragraph of the basis for the qualified opinion, the financial statements give a true and fair view of the financial position of the Wennappuwa Pradeshiya Sabha as at 31 December 2018, and of its financial performance for the year then ended in accordance with Generally Accepted Accounting Principles.

**1.3 Basis for the Qualified Opinion**  
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**(a) Accounting Deficiencies**  
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	<u>Audit Observation</u>	<u>Recommendation</u>	<u>Comments of Accounting Officer</u>
(i)	Balance of 03 inactive current accounts of Rs. 1,416,145 had been omitted from the accounts from many years.	Should be properly accounted.	Necessary arrangements have been made to clear these up this year.
(ii)	Capital expenditures for the year under review were not capitalized.	Action should be taken to capitalize capital expenditures.	The capital expenditure of the creditors will be capitalized next year as the work is not completed and the value cannot be determined.
(iii)	04 maintenance items were	Should be properly accounted.	No Comments

- capitalized in the year under review for a total of Rs. 193,311.
- (iv) In the year under review, machinery and equipment amounted to Rs. 2,773,904 and furniture and fixtures amounted to Rs. 501,324 were capitalized as land and buildings. Should be properly accounted.
- Informed that they are capitalized under buildings as they are not recognized as a movable asset after installation and these capital expenditures will improve buildings and enhance value.
- (v) Recurrent expenditure of the previous year amounted to Rs. 2,232,979 had been capitalized. Should be properly accounted.
- Recurrent expenditure is capitalized and corrected by deferring these maintenance costs and similar capital expenditures.
- Will be corrected that through journal entries.
- (vi) Two electricity storage items worth Rs. 201,305 had been left out of the accounts. Should be properly accounted.
- Although the environmental permit in the deposit approves a supplementary estimate for a value of Rs. 508,375, it has been deducted from deposits and missed to take as earnings.
- (vii) Environmental license deposits for the year under review had been brought to the income as trade license Provisions should not be
- A number of capital programs were launched in 2018, but due to practical difficulties, some programs were not implemented.

receivables of made for industries that have  
Rs. 508,375. not signed contracts.

- (viii) In the year under review, credit facilities were provided for 16 industrial slaves for Rs.79,255,057 unsigned contracts. Accounting policies must be followed. Court fines and stamp fees exceeding the budget limit of previous years have been taken as supplementary income for the current year, even though they belong to previous years. The reason for that was adjusted for the purpose of utilizing it for development work in current year.
- (ix) Stamp duty receipts amounting to Rs. 80,160,359 were taken to income of the year under review without crediting the cumulative fund.

#### **(b) Non comparison Accounts**

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<u>Audit Observation</u>	<u>Recommendation</u>	<u>Comments of Accounting Officer</u>
(i) The comparison between the balance according to sub documents / primary books and the financial statements of two accounting subjects was Rs. 434,057.	Action should be taken to correct documents and sub documents.	A balance of cash changes shows that the bank adjusted uncertainty account and the value of the dirty cheques in the financial statements are not tied to the cash book.

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| (ii) | Variations of 08 items of Rs. 26,043,740 according to ledger accounts, income and expense account and P.S. 14 & P.S. 19 were observed. | Action should be taken to prepare reports properly according to P.S. 14 and 19. | This is different from the fact that journal entries to financial statements do not appear in the Pradeshiya Sabha reports. P.S. 19 will be updated. |
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**(c) Receivable and Payable Accounts**

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<u>Audit Observation</u>	<u>Recommendation</u>	<u>Comments of Accounting Officer</u>
(i) There were 07 unrecognized balances of Rs.150,098,398 in the Statement of Financial Position.	Action should be taken to identify unidentified balances quickly and to make necessary adjustments.	The Commissioner of Local Government had instructed to work through a committee to settle the unrecognized receivable accounts and at present the work is being carried out.
(ii) There were 04 Rs. 23,124,936 unrecognized deferred balances of payables in the Statement of Financial Position. Also, there were Rs. 2,393,206 payables for a 11 industries that ended 03 years ago and Rs. 3,117,132 for 05 unidentified items.	Action should be taken to settle the outstanding balances immediately.	The Commissioner of Local Government had instructed to work through a committee to settle the unrecognized payable account and at present the work is being carried out.

**(d) Lack of written evidences required for audit**

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**Audit Observation****Recommendation****Comments of Accounting Officer**

Evidence pertaining to the 03 accounting subjects of Rs. 344,962,791 had not been presented for audit.

Action should be taken to keep documents and books up to date.

The land and building list should be updated for year of 2018.

**1.4 Non- Compliances**

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**1.4.1 Non- compliances with laws, rules and regulations and management decisions**

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Non- compliances with laws, rules and regulations and management decisions are mentioned below.

**References to laws, rules and regulations and management decisions****Non-compliances****Recommendation****Comments of Accounting Officer**

(a) Pradeshiya Sabha Act No. 15 of 1987

(i) Section 13

No list was prepared about common religious, charity, education and property to be cleared.

Should be act in accordance with the relevant section of the act.

Will be arranged to prepare the list about common religious, charity, education and property to be cleared.

(ii) Section 134

Developed areas in the area of Sabha were not recognized from time to time. The last was identified in 2008 and implemented in 2011.

New sources of income should be identified.

Necessary surveys are underway to survey the area.

(iii) Section 136

Rs.3, 632,922 of outstanding

Action should be taken to recover the

Had been taken alternative action

	assessment tax and Rs. 203,213 of outstanding acreage tax were not charged.	receivable revenue immediately.	(Legal) to minimize outstanding assessment tax and rentals, long term outstanding balances.
(iv) Section 143	All land and buildings within the council area are assessed once in every 05 years and had not been taken to collect actions according to that.	Action should be taken to collect income tax according to the new estimates.	By now list of assessments and new identified properties was referred to Department of Valuation for valuation.
(v) Section 159(1)	In the case of renting property belonging to the council, the procedure for collecting money owed was not followed.	Action should be taken to recover the receivables immediately.	The Secretary has given licenses to the collectors to collect movable and immovable property for the purpose of collecting assessment tax.
(a) <u>Pradeshiya Sabha act of 1988</u> <u>(Financial and Administration)</u> 2 No .5(7) rule	There was no adequate internal audit of finance and storage.	Internal audit should be strengthened.	Internal audit of finance and storage is currently in progress.

## 2. Financial Review

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### 2.1 Financial Results

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According to the presented financial statements, for the year ended 31 December 2018, the revenue beyond the recurrent expenditure was Rs. 167,577,374 and according to that, the revenue beyond the recurrent expenditure of the previous year was Rs. 123,568,433.

### 2.2 Financial Control

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<u>Audit Observation</u>	<u>Recommendation</u>	<u>Comments of Accounting Officer</u>
(a) 03 bank current accounts worth Rs. 1,416,145 have been inactive from several years.	Action should be taken to active bank accounts immediately.	Action is being taken to close the current account of the project and make necessary adjustments.
(b) Suspense account of Rs. 384,602 and Rs. 33,955 of dirty cheques from the bank reconciliation of December 2014 bearing No. 0001865986 was added to the balance of cash book in the year of review.	Action should be taken to correct the bank and cash balances.	The value of this suspense account is attributed to the cash account and the values of dirty cheques were deducted from bank reconciliation and specified in a separate account. It will be settled later with unidentified balances.

## 2.3 Revenue Administration

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### 2.3.1 Estimated income, Billed income, Collected income and Arrears of income

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Details about estimated income, billed income, collected income and arrears of income for the year under review and the previous year are mentioned below.

<u>Source of income</u>	<b>2018</b>				<b>2017</b>			
	<u>Estimated income</u>	<u>Billed income</u>	<u>Collected income</u>	<u>Arrears as at 31 December</u>	<u>Estimated income</u>	<u>Billed income</u>	<u>Collected income</u>	<u>Total arrears as at 31 December</u>
	Rs. Million	Rs. Million	Rs. Million	Rs. Million	Rs. Million	Rs. Million	Rs. Million	Rs. Million
Assessments and taxes	15,929	17,025	18,834	3,765	11,991	13,029	9,928	4,867
Rent	43,075	40,922	36,951	3,917	42,894	69,419	68,235	4,466
License fee	4,774	3,960	3,960	508	6,696	7,079	7,079	-
Other income	296,159	289,422	326,755	191,490	213,131	242,130	170,998	170,612
Total	<u>359,937</u>	<u>351,329</u>	<u>386,500</u>	<u>199,680</u>	<u>274,712</u>	<u>331,657</u>	<u>256,240</u>	<u>179,945</u>

- ❖ The Collected Revenue includes the collections made to Billed Revenue for the year under review and the collections from arrears of past years.
- ❖ An environmental deposit had been included in the receivables license fee.

### 2.3.2 Revenue Collection Performance

<u>Audit Observation</u>	<u>Recommendation</u>	<u>Comments of the Accounting Officer</u>
A sum of Rs. 225.66 million had been collected from the billed revenue for the year under review amounted to Rs. 351.33 million. However, at the beginning of the year under review, the arrears of income were Rs 179.94 million and at the end of the year under review, Rs. 199.68 million was still to be recovered.	Action should be taken to recover the revenue early.	Action will be taken to recover arrears of rates and taxes and shop rent and to take alternative (legal) action for the long-term non-payment of balances.



### 2.3.3 Rates and Taxes

#### (a) Rates and Taxes

<u>Audit Observation</u>	<u>Recommendation</u>	<u>Comments of the Accounting Officer</u>
As per Rule 153 of Local Government (Financial & Administrative), P.S. 07 reports had not been prepared monthly and The collection of arrears was not sufficient since according to the registers, at the end of the year under review, the total arrears of rates and taxes of the Sabha was Rs.3,632,922.	Action should be taken to recover the revenue early.	PS. 07 reports have been prepared quarterly. Action will be taken to prepare reports monthly from 2019 onwards. Actions are being conducted to collect arrears of rates and taxes.

#### (b) Acreage Taxes

<u>Audit Observation</u>	<u>Recommendation</u>	<u>Comments of the Accounting Officer</u>
The outstanding balance at the beginning of the year under review amounted to Rs. 207, 765 and The outstanding balance at the end of the year under review amounted to Rs. 202,213. Action had not been taken to keep the acreage tax registers of the Pradeshiya Sabha sub-offices up to date.	Action should be taken to recover the revenue early.	Arrears of acreage taxes could not be recovered due to blocking out lands which are to be charged acreage tax, dividing among children and unable to identify certain properties and a survey has been started to identify these.

### 2.3.4. Rentals

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<u>Audit Observation</u>	<u>Recommendation</u>	<u>Comments of the Accounting Officer</u>
<p>The outstanding lease rentals and shop rentals as at 31 December of the year under review were Rs. 902,479 and Rs.3,012,358 respectively. Out of these shops rental and lease rental arrears amounting to Rs. 2,240,988 and Rs. 192,710 were over 5 years respectively.</p>	<p>Action should be taken to recover the revenue early.</p>	<p>As at 31 December of the year under review, among the arrears of lease rentals and shop rentals, steps have been taken to collect Rs. 386,623 shop rentals and Rs. 381,529 lease rentals. The balance will be collected or remedial (Legal) action will be taken in respect of the outstanding balances.</p>

### 2.3.4 Court fines and Stamp fees

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<u>Audit Observation</u>	<u>Recommendation</u>	<u>Comments of Accounting Officer</u>
<p>Rs. 64,992,110 court fines and Rs. 113,303,811 stamp fees receivable from the Chief Secretary of the provincial council and other authorities owed to the court on 31 December.</p>	<p>Immediate steps should be taken to recover the court fines and stamp fees.</p>	<p>Requested to collect court fines and stamp fees arrears and currently being charged as parts.</p>

### 2.4 Surcharges

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<u>Audit Observation</u>	<u>Recommendation</u>	<u>Comments of Accounting Officer</u>
<p>In terms of section 172(3) of the Pradeshiya Sabha Act No. 15 of 1987, The surcharge filed against the responsible parties was to be recovered as</p>	<p>There should be proper actions to be collected.</p>	<p>Report of the inquiry into the late penalties of the Commissioner of Local government and documents relating to recovering from the</p>

at 31 December of the year under review.

Mr. Prasanna Jayawardhana, Management Assistant who has been transferred to the Western Provincial Council as per the recommendations of that report was submitted to the Commissioner of Wayamba Province by letter dated on 30 April 2019.

### 3. Operational Review

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#### 3.1 Performance

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Following are the observations on the performance of the functions of the council of regulating and controlling public health, public utility services and public streets, enjoyment of the people, feasibility and welfare under the section 3 of the Pradeshiya Sabha act.

#### a) By- laws

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<u>Audit Observation</u>	<u>Recommendation</u>	<u>Comments of Accounting Officer</u>
<p>In terms of section 126 of the Pradeshiya Sabha act, the Pradeshiya Sabha has enacted by-laws to provide following services to the public.</p>	<p>Action should be taken to enact by-laws.</p>	<p>Many of these matters covered by the by-laws of the gazette on 02.03.1990 and will be acted deals with the powers conferred by the act on certain matters. Also, action will be taken to enact by-laws on matters not covered.</p>
<p>(i) Land and Properties – Management and maintaining of immovable property vested in the Pradeshiya Sabha or under the Pradeshiya Sabha</p>		
<p>(ii) Monitoringand regulating of cleaning roads and streets, providing water, limit weight</p>		

and speed, prevent their blockings and preventing their blockings.

- (iii) Supervision of travelling salesmen, controlling, and issuance permits for that.
- (iv) Keeping animals, trapping, preventing and protecting.

**(b) Action Plan**

<u>Audit Observation</u>	<u>Recommendation</u>	<u>Comments of Accounting Officer</u>
<p>Although, had been prepared an action plan (Named as Development plan) for the year of review about the work to be undertaken by the council, not in compliance with paragraph 04 of the Public Finance Circular No. PED/RED/01/04/2014/01 dated 17 February 2014.</p>	<p>The annual action plan should be prepared in according to the circulars.</p>	<p>To date, a four years development plan was prepared for 2019 – 2022.</p>

**(c) Not Providing Grants**

<u>Audit Observation</u>	<u>Recommendation</u>	<u>Comments of Accounting Officer</u>
<p>12 functions could not be fulfilled due to provided allocation only for 151 tasks out of the 163 tasks and that should be done by the council according to the prepared annual development plan.</p>	<p>Action should be taken to allocate funds for the relevant projects.</p>	<p>No need to spend on certain tasks, other expenditure heads was incurred and other tasks could not be accomplished.</p>

**(d) Activities beyond the objectives**  
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<u>Audit Observation</u>	<u>Recommendation</u>	<u>Comments of Accounting Officer</u>
The council had carried out 08 industries recognized their annual plan.	The development needs to be focused on the urgent needs for constructions beyond the plan.	Allocations were made according to the development proposals identified during the preparation of the budget and the annual plan for the year 2018. But, in April 2018 the General Council was established. Accordingly, in addition to development proposals identified before the establishment of the council, the council had to carry out such development proposals that were urgently needed by the people's representatives.

**(e) Not achieving the desired output level**  
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<u>Audit Observation</u>	<u>Recommendation</u>	<u>Comments of Accounting Officer</u>
Although, Rs. 17,100,000 provisions had been allocated to carry out 14 different tasks as outlined in the development plan, Rs. 2,874,737 of that had been spent. But, the desired output levels have not been achieved.	Work needs to be done to achieve the desired output level.	Some of the tasks listed in the development plan had not achievable due to various reasons during the year and kindly inform you that the expected output could not be reached due to having to act on the demands of the people's representatives.

**(f) Abandoned Tasks**

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<u><b>Audit Observation</b></u>	<u><b>Recommendation</b></u>	<u><b>Comments of Accounting Officer</b></u>
26 tasks for the year under review Rs. 21,875,000 had been allocated but, by 31 December, the expected result had not been achieved and abandoned.	Only essential tasks will be identified according to the plan.	There are tasks that have been allocated during the year under review but not achieved. Environmental, political and social factors contributed to this situation.

**(g) Solid Waste Management**

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<u><b>Audit Observation</b></u>	<u><b>Recommendation</b></u>	<u><b>Comments of Accounting Officer</b></u>
(i) The garbage collection was restricted to 05 areas in the Pradeshiya Sabha area which covers an area of 168.27 square kilometers. Although there were 17 hospitals and clinics and 03 factories in the council area, no garbage collection was done.	Arrangements should be made to collect garbage without limiting areas and places.  Garbage taxes need to be dealt with promptly.	Although the area of Wennappuwa is 168.27 square kilometers, when garbage is collected within the assessment area covering the entire city limits including Wennappuwa, Kirimetiya and Dankotuwa. Arrangements have been made to collect garbage at the request of factories this year.
(iii) Despite the huge expenditure incurred for the maintenance of the compost yard owned by the council, the waste was not levied and the costs were borne by the council revenue.	Action should be taken to identify suitable locations.	Due to garbage disposal constraints, garbage charges are being collected this year and the fee is being charged.  The council does not have the

(iii) The council had not identified a suitable place for garbage disposal and had released it to private land.

suitable land for the establishment of a waste treatment plant. It is proposed to set up a sewage treatment plant soon after receiving the Sendiriyamulla land proposed by the council.

## (h) Sustainable Development Objectives and Goals

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<u>Audit Observation</u>	<u>Recommendation</u>	<u>Comments of Accounting Officer</u>
<p>Although the Council is aware of the implementation of the Sustainable Goals in terms of the United Nations "Sustainable Development Agenda 2030" in the year under review, the plans were not prepared and identified in order to comply with the formalities. However, it was observed that the activities of the council are in accordance with its objectives and the Council has made a financial contribution towards the objectives of the year under review. So, the Council has contributed to the objectives of ending poverty, food security, nutrition, health, education, energy, infrastructure and industrial promotion, full employment and resource consumption.</p>	<p>Should be identifying activities and targets and measurement indicators that are relevant to the Sustainable Development Goals and work towards achieving them.</p>	<p>The Council implements a number of programs relating to sustainable development and will kindly evaluate them in the future with a benchmark.</p>

### 3.2 Management Inefficiencies

<u>Audit Observation</u>	<u>Recommendation</u>	<u>Comments of the Accounting Officer</u>
(a) According to Section 8.5 of Chapter XII of the Establishments Code of the Democratic Socialist Republic of Sri Lanka, one officer who not completed the 9 month continues service had gone abroad four times and another officer had abroad at two times during the year under review. However, subsections 8.1 and 8.2 had been ignored.	Should be complied with the provisions of the Establishment Code.	Action will be taken to submitted the leave applications after clarify the mattes with The Local Government Commissioner.
(b) In terms of Rule 20 of the Pradeshiya Sabha (Financial and Administrative) Rules 1988, Even though the revenue clerk should be act first to any payments made by the persons to the Sabha, The stadium custodian was assigned the responsibility to collect fees from the Albert F Peiris Stadium in Wennappuwa. Furthermore, the money collected by him had been handed over to the head office several days late and eight sub-invoice books which were handed over to him on 11 December 2018 had not been returned at the date of 01 February 2019.	Action should be comply with the rules and regulations and proper administration and supervision for relevant books, receipt books and money should be implemented.	This situation has been corrected now. The officials will also conduct a preliminary inquiry into the delayed payment of money and according to that result will be punished.

### 3.3 Human Resource Management

<u>Vacancies and Excess of cadre</u>	<u>Recommendation</u>	<u>Comments of the Accounting Officer</u>
There was a paramedic Ayurvedic medical officer for many years in the executive grade. Two technical officers in a post of secondary type have been employed on a	Action should be taken to fill the vacancies and approve and approve the surplus.	There are mobile medical centers in addition to the three main Ayurvedic centers and a casual ayurveda officer has been deployed



contract basis for a period of three years and 51 casual employees were employed in the primary grade posts.

to meet these service requirements.

**(b) Staff Loan**

<u>Audit Observation</u>	<u>Recommendation</u>	<u>Comments of the Accounting Officer</u>
The balance of Rs. 345,575 of five officers who were left the service in previous years and the balance of Rs. 275,450 of four officers who were transferred in the staff loan amounting to Rs. 30,068,400.	Action should be taken to recover the outstanding debts immediately.	No comments.

**3.4 Operating Inefficiencies**

<u>Audit Observation</u>	<u>Recommendation</u>	<u>Comments of the Accounting Officer</u>
(a) There was no agreement for 73 stalls out of the 257 leased stalls owned by the Sabha and the 62 of them belong to the Dankotuwa sub office. Out of these 62 stalls amounting to Rs.2, 283,986 and property taxes amounted to Rs 133,456 should be recovered.	Action should be taken to collect the arrears rent and should be contracted with 73 stalls which were not contracted.	There are 44 stalls of non-contracted in Dankotuwa sub office. The amount of Rs. 87,638 had been collected from receivable of property tax
(b) The action had not been taken in terms of the provisions of the Lease Agreement and Section 159 (1) of the Pradeshiya Sabha Act No.15 of 1987 for the receivable arrears balances of contracted stalls of the Dankotuwa sub office at the date of 31 December of the year under review.	Action should be taken to recover immediately	Arrears amount of the 10 stalls out of these stalls, ahave been charge. Action will be taken to discussed with the shop owners and legal actions.

### 3.5 Assets Management

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#### 3.5.1 Assets Not Registered

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<u>Audit Observation</u>	<u>Recommendation</u>	<u>Comments of the Accounting Officer</u>
There was no register of lands and buildings owned by the pradeshiya sabha (financial and administrative) rule No. 217 of 1988 and There was no evidence that the council had clear deeds of existing land.	Action should be taken to keep registers of land and building documen up to date.	Land and building register maintained. Action is being taken to obtain order to deed transfer orders for lands which do not have deeds

#### 3.5.2 Lack of Security of Assets

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<u>Audit Observation</u>	<u>Recommendation</u>	<u>Comments of the Accounting Officer</u>
The lease agreement for the 30 perch block of land which was leased to the Provincial Education Department on a long-term lease in 2016 has not been contract agreement.	Action should be taken to reach a speedy lease agreement.	Action will be taken to necessary steps in this regard in consultation with the Secretary to the Chief Ministry.

#### 3.5.3 Obsolete / Unutilized assets

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<u>Audit Observation</u>	<u>Recommendation</u>	<u>Comments of the Accounting Officer</u>
The unregistered motor grader valued at Rs. 4,595,663 purchased in 2019 already parked at the sub office of Kammalpattu by the end of the year under review.	Action should be taken to obtain the relevant registration numbers and dispose.	Even though the auction is about to take place, buyer has not presented. Action will be taken to submit the valuation and sell it

#### 3.5.4 Annual Board of Survey

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<u>Audit Observation</u>	<u>Recommendation</u>	<u>Comments of the Accounting Officer</u>
There was no evidence that the inventory of preschools identified in last year board	Action should be taken to inventory the relevant items	Submissions have been made in writing to inform all inventory

of survey and short of 06 items shown on Dakotuwa sub office at the last year and the 566 books valued of Rs. 108,188 of 9 libraries had been missed of the year under review. Any actions had not been taken

and action should be taken about missing books

items relevant to the board of survey 2018 which were not registered and the decision had been made to charge the value of the missing books by the library staff.

### 3.6 Procurement

#### 3.6.1 Procurement Plan

<u>Audit Observation</u>	<u>Recommendation</u>	<u>Comments of the Accounting Officer</u>
The procurement plan should be prepared in accordance with Section 4.2.1 of the Government Procurement Guidelines was not prepared for the year under review as well as for the previous year.	Procurement guidelines should be followed.	A Procurement Plan has been prepared for the year 2018.

### 4. Accountability and Good Governance

#### 4.1 Budgetary Control

<u>Audit Observation</u>	<u>Recommendation</u>	<u>Comments of the Accounting Officer</u>
(a) The value of Rs.17,660,432 had been spent contrary to Section 170 of the Local Authorities Act No. 17 of 1987 on 15 items on (capital) expenditure with allocation of transfer funds incurred of this which was not in the budget.	Work should be carried out based on need.	Transfer of expenditure items and supplementary estimates for 15 development subjects which were not in the budget of 2018 was done based on the needs identified by the Sabha.
(b) The amount of Rs.66,856,548 received in the last two years as court fines and stamp fees and the supplementary estimates had been prepared for expenses amounting to Rs. 13,303,811.	Should be act as the accounts policies.	No comments

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| (c) | The amount of Rs 4,000,000 reserved for construction of the Dankotuwa vegetable Shop which was the subject of capital expenditure had been transferred and spent on recurrent expenditure for health and hygiene services.   | Capital expenditure subjects should not be transferred to recurrent expenditure subjects. | Noted that this situation will not be repeated in the future.   |
| (d) | Even though the value of Rs. 32,900,000 has been allocated for 13 items to cover the capital expenditure of the Sabha, the amount of 1,829,971 had been spent on 4 items and the balance was 94 percent of total allocation. | The work should be completed using the provisions.  | Because of the funds allocated to the urgently identified activities by the people's representatives after the establishment of the new Sabha, these development activities cannot be done.   |
| (e) | The capital expenditure amounting to Rs. 1,350,000 which was not allocated in the budget for the year under review and the task was not done by obtained money through supplementary estimates for two items.                | Make the best use of time allocations   | Maintenance costs and the work of the shops near the Wennappuwa bus stand had been done under maintenance cost and the allocation had been made under creditors for construction of School and road in front of the Bujjangala library. |

#### 4.2 Internal Audit

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<u>Audit Observation</u>	<u>Recommendation</u>	<u>Comments of the Accounting Officer</u>
Internal audit was not conducted in terms of Section 5 (7) of the Pradeshiya Sabha (Financial and Administrative) Rules 1988.	Internal Audit should be strengthened and implemented	An internal audit is carried out to evaluate the physical and financial matters. A separate internal auditor has been requested by the Sabha.

### 4.3 Unresolved observations and unanswered audit queries

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The actions had not been done in the year under review for the losses which was identified in preceding year.

<u>Audit Observation</u>	<u>Recommendation</u>	<u>Comments of the Accounting Officer</u>
Missing of the 69 galvanized tubes amounted Rs. 75,900.	Action should be taken to recover the losses.	The money had been charged for 92 galvanized tubes and outsourcing has been given on return delivery agreement to the festival and religious activities in the area.
The amounting to Rs. 30,756,510 which was written off in income in 2016 and the receivable amount of salary reimbursement value of Rs.28,252,666 for year 2016 had been written off to the cumulative fund without approval.	Action should be done about relating parties.	Because of, the local government department does not reimburse daily wages, removed from the accounts.