

Wilgamuwa Pradeshiya Sabha  
Mathale District  
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1. Financial Statements  
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1.1 Presentation of The Financial Statements  
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The financial statements of the year 2018 had been presented to the audit on the 03 May 2019 and the summary report of the Auditor General and the detailed management report regarding the financial statements had been forward to the Chairman on 27 May 2019.

1.2 The Qualified Opinion  
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I am in an opinion that, except the effect on the financial statements of the matters referred under the section of the basis for a qualified opinion in this report, the financial statements had been prepared in accordance with generally accepted accounting principles and give a true and fair view of the state of affairs of the Wilgamuwa Pradeshiya Sabha as at 31 December 2018 and financial results of its operations for the year then ended.

1.3 The Basis for a Qualified Opinion  
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(A) Accounting Deficiencies  
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Audit Observation -----	Recommendation -----	Accounting Officer's Commentary -----
(i) There was a difference of Rs. 1,471,340 between the contribution of the capital account to the income account balance and the balance of the fixed asset account.	The difference must be discovered and corrected.	I will inform you that the cause of the change will be investigated and corrected.
(ii) It had been observed a difference of Rs.1, 332,696 between the total assets and the total liabilities and capital in the statements of financial statement as at 31 December of the year under review.	The difference should to be corrected.	Accept. It will be corrected in the financial statements of the year 2019.
(iii) An amount of Rs.3, 173,963 relating to 25 industries in the year under review had been omitted from the credit accounts.	Credit balance should be corrected.	Accept. It will be corrected in the financial statements of the year 2019.
(iv) The books worth of Rs. 53,670 which had received to the Hettipola library as a donation in the year under review had been omitted from accounts.	Donations should be accounted for and be corrected.	Accept. It will be corrected in the financial statements of the year 2019.

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| (v)    | The pipelines received from the Pura Neguma Project have not been assessed and brought to the final inventory for the year under review.     | The inventory should be assessed and corrected.  | I would like to inform you that these items were not valued as the final stock because they could not be assessed due they were donated without values. |
| (vi)   | The stock of stores, including stationery, was not accounted as at the end of the year under review.   | The stock of stationery should be computed and corrected.                                      | It will be corrected in the financial statements for the year 2019 by following the store advance accounting method.                                    |
| (vii)  | Stamp duty income Rs.424, 100 related to period from July to December in the year under review had not been accounted.                       | Stamp fees should be properly accounted.   | Accept. It will be corrected in the financial statements of the year 2019.  |
| (viii) | Expenditures for the year under review had been understated by and hence the value of Rs 48,000 of 04 advance accounts could not be settled. | According to the financial regulations, advance payments should to be rectified and corrected. | According to the financial regulations, advance payments should to be rectified and corrected.  |

(B) Non Reconciled Accounts

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Audit Observation

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It had been observed a difference of Rs. 3,153,574 when compare the total amount of Rs. 12,795,223 of 13 accounts subject stated in the financial statements with their relevant schedules, supporting documents and reports.

Recommendation

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Actions should be taken to correct the accounts by comparing the differences of the balances.

Accounting Officer's  
Commentary

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Actions will be taken to correct by examine the differences.

(C) Suspense Accounts

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Audit Observation

Recommendation

Accounting Officer's  
Commentary

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Although the balance of suspense account which had stated in the financial statements as at 31 December 2018 was amounting to Rs. 1,501,545 actions had not been settled by adjusting in accounts after investing in this regard.

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It should be make the necessary adjustments to the accounts and settle the uncertain account

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It had been adjusted in the suspense account by the journal entries no.03, 06, and 07.

(D) Accounts Receivable

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Audit observation

Recommendation

Accounting Officer's  
Commentary

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The total receivable amount of T Rs. 910,704 of 05 account balances which had continued from the several years had not been recovered

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It should be recovered the receivable balance.

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While it had been sent to the approval of the chief minister to write off arrears rental of Rs. 241,238 and actions will be taken to settle the other balances.

(E) Lack of Written Evidence Required for the Audit

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Audit Observation

Recommendation

Accounting Officer's  
Commentary

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05 accounting subject worth of Rs. 74,642,244 had not been vouched satisfactorily in audit due to non submission of the acceptable audit evidence to the audit.

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It should be presented the evidence for verifying the balances of accounts.

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Since the Wilgamuwa Pradeshiya Sabha did not hand over the lands owned by the Pradeshiya Sabha, a document has been prepared in accordance with PS 46 but it is unable to specify the transfer orders or deed numbers. I will be submitting a proper schedule for other accounting subjects.

## 1.4 Non-Compliance

### 1.4.1 Non-Compliance With Laws,Rules, Regulations And Management Decisions

References To Laws,Rules, Regulations And Management Decisions	Non-compliance	Recommendation	Accounting Officer's Commentary
(a) Section 24 of the Pradeshiya Sabha Act, No.15 of 1987	Council roads were not gazetted.	It should be published on gazette the roads.	I will take actions to gazette all the roads in the area under a systematic procedure.
(b) Pradeshiya Sabha (finance and administration) Rule 217	The schedule about all the buildings and lands had not been maintained according to the format PS 46.	The format of PS 46 should be maintained regarding all the land and buildings.	Since the Wilgamuwa Pradeshiya Sabha did not hand over the lands owned by the Pradeshiya Sabha, a document has been prepared in accordance with PS 46 but it is unable to specify the transfer orders or deed numbers.

## 2. Financial Review

### 2.1 Financial Results

According to the presented financial statements, excess of income over recurrent expenditure for the year ending 31 December 2018 amounted to Rs. 7,012,600,210 as compared with the corresponding excess of revenue over recurrent expenditure for the preceding year amounted to Rs.7,323,774 .

### 2.2 Revenue Administration

#### 2.2.1 Estimated Revenue, Billed Revenue, collected Revenue and arrears Revenue

Details of Estimated Revenue, Billed Revenue, collected Revenue and Arrears of Revenue for the year under review and the previous year are as follows.

Source of revenue	2018				2017			
	Estimated Revenue	Billed revenue	Revenue collected	Total arrears as of December 31 <sup>st</sup>	Estimated Revenue	Billed revenue	Revenue collected	Total arrears as of December 31 <sup>st</sup>
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Rates and Taxes	4,102,907	2,838,694	2,671,857	1,341,007	6,575,000	2,963,288	2,508,972	1,174,701
Rent	1,800,000	1,929,720	1,929,720	900,069	1,780,000	1,764,868	1,764,864	900,069
License fee	1,715,000	1,252,183	1,252,133	1,980	1,665,000	1,384,138	1,384,138	1,985
Other Revenue	2,291,200	1,709,188	1,762,188	-	1,636,000	1,889,789	1,889,789	-
<b>Total</b>	<u>9,909,107</u>	<u>7,729,785</u>	<u>7,615,898</u>	<u>2,243,056</u>	<u>11,656,000</u>	<u>8,002,083</u>	<u>7,547,763</u>	<u>2,076,755</u>

## 2.2.2 Rates

### Audit Observation

Actions had not been taken to recover the arrears rate balance of Rs. 269,786 as at the end of the year under review.

### Recommendation

The arrears should be recovered.

### Accounting Officer's Commentary

I inform that the actions will be taken to recover the arrears balances.

## 2.2.3 Rentals

### Audit Observation

Actions had not been taken to recover the arrears rent amount of Rs. 900,069.

### Recommendation

The arrears should be recovered.

### Accounting Officer's Commentary

I inform that it had been sent for the approval of chief minister to write off the arrears rental.

## 2.2.4 Water Charges

### Audit observation

An arrears water charges amount of Rs.1,071,222 as at end of the year 2018 had not been recovered.

### Recommendation

The arrears should be recovered.

### Accounting Officer's Commentary

It will be taken actions to recover the arrears balances.

## 2. 2. 5 Advertising Notice Board

### Audit Observation

### Recommendation

### Accounting Officer's Commentary

An amount of Rs. 93,100 regarding the notice boards which had fixed at 27 places in the area of authority of the sabha had not been collected.

The arrears should be recovered.

It will be taken actions to recover the arrears balances.

## 3 Operational Review

### 3.1 Performance

Following are the observations on the perform the functions of Public Health, the regulation of matters of public utility services and the management of public roads, people in comfort, convenience and welfare of the Council to regulate and administer public health, public utility services and public roads under section 3 of the Pradeshiya Act.

#### (A) Action Plan

### Audit Observation

### Recommendation

### Accounting Officer's Commentary

An annual action plan had not been prepared for the tasks which should be performed according to the enacted laws.

Actions should be taken in accordance with the action plan by preparing the action plan accurately.

Actions will be taken to prepare an action plan by minimizing the shortages.

#### (B) Solid Waste Management

### Audit Observation

### Recommendation

### Accounting Officer's Commentary

Even though it had spent an amount of Rs. 3,261,483 for solid waste management within the year under review, garbage had been dumped in the government reservation land without proper management.

Solid waste should be dumped appropriately.

This is caused by the non availability of the lands to the Pradeshiya Sabha.

(C) Sustainable Development Goals

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Audit Observation

Recommendation

Accounting Officer's  
Commentary

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Any actions had not been taken to achieve the sustainable development goals by the Sabha.

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Actions should be taken in accordance to the answers had given

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It will be established an stable unit for waste management in future.

3.2 Human Resource Management

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Audit Observation

Recommendation

Accounting Officer's  
Commentary

(a) Employee Vacancies

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There were 23 vacancies of 10 posts as at 31 December of the year under review.

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Vacancies should be filled.

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The Assistant Commissioner of Local Government, the Commissioner of Local Government, the Governor and the Secretary to the Central Provincial Public Service Commission had been informed of this.

(b) Employee Debt

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No action had been taken to recover the Rs. 88,823 Employees' debts owed by eight former officials.

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It should be recovered the employee debt balances.

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The guarantors could not be identified due to these officers' credit files were misplaced.

### 3.3 Assets Management

#### 3.3.1 Assets That Could Not Transferred

Audit observation	Recommendation	Accounting Officer's Commentary
No action had been taken to take over the five vehicles which had been given to the Pradeshiya Sabha from various institutions.	It should be transferred the vehicles that could not transferred.	I will take appropriate action to auction or transfer these vehicles.

#### 3.3.2 Idle and Underutilized Assets

Audit observation	Recommendation	Accounting Officer's Commentary
(a) had been parked at vehicles 06 the sabha premises from .several years without utilizing	Unused vehicles must be repaired or used, or appropriately disposed.	I inform that it had recommended to auction by the board of survey in 2018
(b) A donated generator machine in 2006 was not used for any purpose.	Action should be taken to utilize the machine without keeping it idle.	I inform that It will be renovated and utilized.

#### 3.4 Non Economical Transactions

Audit Observation	Recommendation	Accounting Officer's Commentary
(a) An amount of Rs.1,650,000 had been spent in 2015 to develop the Hettipola Children's Park the children's garden had not been getting the expected benefits as it was wild and covered with jungle.	Assets must be used appropriately.	I intend to make this children's centre attractive and suitable for play in the future with the sum of 30hundred of thousand rupees which forward to the Sabha by the Governor of Central Province.
(b) The expenditure of Rs. 10 million was not met the aimed objectives due to the inability to prepare a suitable road to approach to the	Actions should be taken to use effectively by arranging the road .facility	I hope to make this crematorium attractively funded by council funds or other donations by



crematorium even though it was completed in 2014.

expending after  
Construction of an  
access road after  
constructing a bridge  
across the Minipe canal  
21 Lakhs approved  
under Provincial  
Council Provisions

### 3.5 Identified Losses

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Audit Observation

Recommendation

Accounting Officer's  
Commentary

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Actions had not been taken regarding shortage of 407 books worth of Rs. 40,891 of 04 libraries according to the good survey reports as at 31 December 2017.

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Act according to the financial regulation .104

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Actions will be taken to recover this amount.