

Wattegama Urban Council
Kandy District

1 Financial Statements

1.1 Presentation of the Financial Statements

The financial statements of the year 2018 had been presented to the audit on the 29 March 2019 and the summary report of the Auditor General had been presented to the Chairman on 23 May 2019 and the detailed management report regarding the financial statements had been presented to the Chairman on 31 May 2019.

1.2 The Qualified Opinion

I am in an opinion that, except the effect on the financial statements of the matters referred under the paragraph 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 Wattegama Urban Council as at 31 December 2018 and financial results of its operations for the year then ended.

1.3 The basis for a Qualified opinion

(a) Accounting Deficiencies

	Audit observation -----	Recommendation -----	Accounting Officer's Commentary -----
(i)	While the bakho machine worth of Rs.3,425,000 had not been accounted, 3 vehicles which physically absent worth of Rs.221,570 had been accounted.	Action should be taken to accounted accurately.	Accept. It will be corrected in next year.
(ii)	The sum of prepaid was amounting to Rs.563,628 since 2007 to 2010 had not been adjusted into relevant accounts.	Action should be taken to accounted accurately.	Accept. It will be corrected in next year.
(iii)	Furniture had been understated by an amount of Rs.175,230	Action should be taken to accounted accurately.	Accept. It will be corrected in next year.

(b) Unreconciled Accounts

Audit observations	Recommendation	Comment by the Accounting Officer
There was a difference of Rs. 363,967 between the balance of 02 accounting balances and the balance sheet in the supporting documents for the sum of Rs. 2,518,738.	Accounts should be corrected by comparing the changes in the respective balances.	It will look into this difference and settle it.

(c) Accounts Receivable and Accounts Payable

(i) Accounts Receivable

Audit observation	Recommendation	Accounting Officer's Commentary
There was a receivable balance which had been elapsed 05 years amounting to Rs. 2,061,703.	Action should be taken to recover the balance due.	Action will be taken to reimburse the sum of Rs.521,326 forward to the Sabha as doing future tasks regarding an amount of Rs.1,452,025 since it could not be find out to write off the court the amount of Rs.381,014 and to recovered the remainder.

(d) Lack of Written evidence for Audit

Audit observation	Recommendation	Accounting Officer's Commentary
03 accounting subject worth of Rs. 1,467,274 had not been vouched satisfactorily in audit due to non submission of the acceptable audit evidence to the audit.	It should be presented of evidence confirming the balance sheet in the financial statements.	Necessary action will be taken to write off by forwarding to the General Assembly since could not find out the written evidences.

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.13,212,819 as compared with the corresponding excess of revenue over recurrent expenditure for the preceding year amounted to Rs.12,642,099

2.2 Revenue Administration

2.2.1 Estimated Income, Billed Income, Collected Income and Arrears Income

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

Source of income	2018				2017			
	Estimated Income	Billed income	Income collected	Total arrears as of December 31 st	Estimated Income	Billed income	Income collected	Total arrears as of December 31 st
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Rates Taxes	15,284,500	16,807,420	11,687,897	5,119,523	15,316,050	15,927,065	11,814,985	4,112,080
Rent	6,162,400	5,262,080	5,022,080	239,809	4,573,700	4,142,965	4,266,570	(123,605)
License fees	1,021,000	1,011,150	1,006,150	5,000	700,000	766,220	765,220	1,000
Other Income	2,154,500	2,613,700	2,613,700	2,000,000	1,988,500	2,341,480	2,341,480	-
Total	24,622,400	25,694,350	20,329,827	7,364,332	22,578,250	23,177,730	19,188,255	3,989,475

2.2.2 Performance in Revenue Collection

Audit Observation

Although the revenue that recovered within the year under review was amounting to Rs. 29,683,825 the progress of revenue collection was at a percent of 68 due to the collection of the year was amounting to Rs.20,329,827

Recommendation

Areas revenue should be collected.

Accounting Officer's Commentary

Accept the observation.

2.2.3 Court fines and Stamp fees

Audit observation	Recommendation	Accounting Officer's Commentary
An amount of Rs.1, 081,014 of court fines and an amount of Rs.2,700,000 of stamp fees had been remained to receive,	Action should be taken to collect relevant money.	While an amount of Rs.27, 000 had been recovered from the court fines, General Assembly had been decided to while off an amount of Rs.381, 014 An amount of Rs.1,007,390 had been received from the Stamp Fees.

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 4 of Urban Council Ordinance.

(a) By -Laws

Audit observation	Recommendation	Accounting Officer's Commentary
Although it should to be enacted by laws regarding performing main 15 matters according to the section 157 of the Urban Council Ordinance. It had been imposed 08 by- laws only.	Action should be taken to generate revenue by imposing by-laws as can be collected revenue to the sabha.	I notified that it will be prepared after getting approval from the General Assembly.

(b) Sustainable Development Goals

Audit observation	Recommendation	Accounting Officer's Commentary
The index had not been recognized by the sabha to measure the progress of	Action must be taken to achieve the sustainable development goals by	While this programme had been implemented in the year 2018. It had

achieving them by identifying the sustainable development goals and objectives.

identifying them.

been done plant distribution and compost bin distribution under this programme.

3.2 Management Inefficiency

Audit observation

Recommendation

Accounting Officer's
Commentary

Action had not been taken to utilize in developing activities the amount of Rs.1,211,182 which available in the account of Urban Development Authority.

It should be spent on development affairs.

I focus on utilize this amount in developing children park and constructing the weekly fair common car park under the project of Wattagama Urban Development Programme.

3.3 Human Resource Management

Audit Observation

Recommendation

Accounting Officer's
Commentary

(a) It had 09 vacancies in 08 posts in the official staff.

Actions should be taken to fill the vacancies.

Actions are being taking for recruitments.

(b) It as a loan balance of Rs.558,621 which could not be recovered from 05 officers who had transferred.

Action must be taken to recover the employee loan balance.

Some loan are recovering as installments and actions are taking to reimburse the remainder.

3.4 Assets Management

3.4.1 Not-verifying the Security of the Assets

Audit observation -----	Recommendation -----	Accounting Officer's Commentary -----
<p>Although it had enjoying 17 persons an area of 1 area 02 roots and 37.22 perch from the land of Nuwarathennawela and enjoying 30 persons an area of 3 are 2 roots and 30 perch from the land of Delgahalanda illegal any action had not been taken in this regard.</p>	<p>Action must be taken to project the assets of the sabha.</p>	<p>Action had taken to forward the information regarding illegal 17 residences and action to the General Assembly will be taken according to the decision given by the General Assembly.</p>

3.4.2 Idle and Underutilized Assets

Audit observation -----	Recommendation -----	Accounting Officer's Commentary -----
<p>The carpentry machine worth of Rs.337, 700 and a generator worth of Rs.129, 500 had been idle.</p>	<p>Action must be taken to get use by repairing or to disposal.</p>	<p>While it had used 3 generators out of the 04 generators machine and arrangement are ongoing to sold out the machine of 10kw.</p>

3.5 Procurement

Contract Administration

Audit Observation -----	Recommendation -----	Accounting Officer's Commentary -----
<p>An amount of Rs.1, 568,990 had been paid to a contractor by entering to a contract for a responsibility of Rs.1,568,990 for repairing the hall of the Urban Council in the year 2018 by the allocations of the Urban Council.</p>	<p>It should be followed up the procurement quid lines.</p>	<p>The tender has called by divisional vise. The notice had been shown only on 04 places due to the council area was very small. It had been signed by only the</p>

While the contractor had been selected by shown the notice only on the notice board in the Council office, The tender had been opened by the council secretary. While it had not been participate a specialist in to the Technical Evaluation Committee. It had observed that the timber of the council table was away from frames due to use of immature timber to prepare the Chamber, as at 09 April 2019 investigated date of.

Council Secretary. When opening the tender while it had not participated a specialist and I inform that the timber left since the high temperatures.