

**Welimada Pradeshiya Sabha
Badulla District**

1. Financial Statements

1.1 Presentation of the Financial Statements

The Financial Statements of the year 2019 had been presented to the audit on 24 February 2020, the summary report of the Auditor General on those financial statements and the detailed management report had been forwarded to the chairman on 16 July 2020 and 23 July 2020 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 Welimada Pradeshiya Sabha as at 31 December 2019, 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

Audit observation	Recommendation	Comments of the Accounting Officer
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(i) Although the Arrears of stamp fees as at 31 December of the year under review had been Rs. 30,854,990, It had been stated as Rs. 30,883,321 in the financial statements.	It should be accounted correctly.	It will be corrected in the financial statements of the year 2020.
(ii) An Electric Generator worth of Rs.179,900 purchased in the year under review had not been capitalized.	It should be accounted correctly.	It will be corrected in the financial statements of the year 2020.

1.4 Non compliance

Non compliance with laws, rules, regulations and management decisions.

Reference to laws, rules regulations and management decisions	Non compliance	Recommendation	Comments of the Accounting Officer
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(a) Circular No. 1980/46 dated 31 December 1980 of the commissioner	Although the properties of the Sabha should be valued once in 5 years, 154 shops had been	It should assessed and charged rents.	Although written requests have been made to the Valuation

	of Local Government	charged rents without assessing that way.		department, It has not been assessed.
(b)	Circular No. 1988/22 dated 17 May 1988 of the commissioner of Local Government	Although the properties that are charged rates should be valued once in 5 years, rates had been charged in the year under review on the assessment of the year 2010.	Rates should be charged by updating assessments.	Although written requests have been made to the Valuation department, It has not been assessed.
(c)	Butchers Ordinance and gazette notification No. 541/17 dated 20 January 1980 of the Democratic Socialist Republic of Sri Lanka	Requests received regarding 03 slaughterhouses had not been gazetted in accordance with section 7(2) of the Butchers Ordinance.	Action should be taken in accordance with provisions of the Ordinance.	Noted to take action in accordance with provisions of the Ordinance.
(d)	Section 23(a) of National Environmental Act No. 47 of 1980 amended by Act No. 56 of 1988 and Act No. 53 of 2000	Environmental protection license had not been obtained for the year 2018 and 2019 to carry on 03 slaughterhouses that had been permitted by the Sabha.	Action should be taken in accordance with provisions of the Act.	Noted to take action to obtain Environmental protection license.

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 2019 has been Rs. 48,516,115 as compared with the excess of revenue over recurrent expenditure of the preceding year amounting to Rs. 24,722,945.

2.2 Revenue Administration

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

Presented information relating to the estimated revenue, revenue billed, revenue collected and the arrears of revenue for the year under review and the preceding year are as follows.

Source of Revenue	2019				2018			
	Estimated Revenue	Revenue Billed	Revenue collected	Arrears as at 31December	Estimated Revenue	Revenue Billed	Revenue collected	Arrears as at 31December
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
(i) Rates and Taxes	3,461,186	3,461,186	3,322,570	138,616	3,384,634	3,384,634	2,224,551	1,160,083
(ii) Rent	18,436,323	18,436,323	16,148,314	2,288,009	18,780,074	18,780,074	17,392,668	1,387,405
(iii) License Fees	3,038,000	3,174,366	3,174,366	-	2,417,400	2,852,875	2,852,875	-
(iv) Other Income	42,737,851	42,737,851	59,072,158	-	33,951,070	33,951,070	11,875,438	22,075,632
Total	67,673,360	67,809,726	81,717,408	2,426,625	58,533,178	58,968,653	34,345,532	24,623,120

2.2.2 Performance in Revenue Collection

Audit observation

Arrears of rates amounting to Rs. 3,383,466 and Arrears of other income amounting to Rs. 68,445,625 that had elapsed more than 5 years had not been recovered.

Recommendation

Arrears of revenue should be recovered.

Comments of the Accounting Officer

Action will be taken to recover.

2.2.3 Court Fines and Stamp Fees

Audit observation

Arrears of Court fines amounting to Rs. 13,515,721 and arrears of Stamp fees amounting to Rs. 30,883,321 due as at 31 December of the year under review had not been recovered.

Recommendation

Arrears of Court fines and arrears of Stamp fees should be recovered.

Comments of the Accounting Officer

Although the schedules has been prepared and sent to the relevant institutes, Only part of the fee has been received.

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 and welfare.

(a) Action Plan

Audit observation

Recommendation

**Comments of the
Accounting Officer**

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

An action plan should be prepared.

Some problems have been occurred regarding preparation of the action plan and It will be prepared after solving those problems.

(b) Sustainable Development Goals

Audit observation

Recommendation

**Comments of the
Accounting Officer**

Although there was awareness with regard to “Sustainable Development Agenda-2030” of the United nations, Indexes for measuring sustainable objectives and goals which could be applied to the Sabha had not been identified.

Indexes for measuring sustainable objectives and goals should be identified, and progress in reaching those should be measured accordingly.

Action will be taken to correct.

3.2 Management Inefficiencies

Audit observation

Recommendation

**Comments of the
Accounting Officer**

(a) Because rents had not been charged on new assessment for the land belonging to the Sabha which runs a branch of a government bank, A loss amounting to Rs. 1,443,753 had been occurred for the period from April to December of the year under review.

Rents should be charged on the new assessment.

Relevant institute has agreed to pay, and new agreements have been prepared and sent to the Department of local government.

(b) Expenditure creditors amounting to Rs. 24,554,596 that had elapsed more than 5 years had not been settled.

Payable balances should be settled.

A part of the Expenditure creditors has been settled and remaining will be settled after receiving the provisions.

3.3 Human Resource Management

Audit observation

As at 31 December of the year under review, there were 6 excess employees in 3 positions and 14 vacancies in 6 positions.

Recommendation

Relevant action should be taken regarding excess cadre and vacancies.

Comments of the Accounting Officer

Requests have been made to approve the excess cadre since approved cadre is not sufficient, Vacancies are unable to fill because Election commission has informed by a circular to halt all recruitments.

3.4 Procurement Plan

Audit observation

The Sabha had not prepared a Procurement plan for the year under review.

Recommendation

Annual Procurement plan should be prepared.

Comments of the Accounting Officer

A Procurement plan has not been prepared for the year under review.

4 Accountability and Good Governance

4.1 Audit and Management Committee

Audit observation

Only 02 Audit and Management Committee meetings had been held in the year under review.

Recommendation

Audit and Management Committee meetings should be held at least once in a quarter.

Comments of the Accounting Officer

Action will be taken to meet Audit and Management Committee in accordance with guidelines of the circular.