

Wilgamuwa Pradeshiya Sabha

Matale 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 the 11 May 2020 and the summary report of the Auditor General had been forward to the Chairman on 30 May 2020 and the detailed management report regarding the financial statements had been forward to the Chairman on 31 May 2020.

1.2 The Qualified Opinion

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 financial position of the Wilgamuwa Pradeshiya sabha as at 31 December 2019 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
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(i)	It had been observed a difference amount of Rs.1,471,340 between the account of the contribution by income to the capital input and account of the fixed assets.	Actions should be taken to correct by finding the reasons for the difference.	I will inform you that action will be taken to correct when preparing the financial statements of 2020.
(ii)	Consumer goods worth of Rs.291,590 which had purchased in the year under review had been stated under furniture and fittings.	The account of furniture and fittings accounts should be corrected.	I will inform you that action will be taken to correct when preparing the financial statements of 2020.
(iii)	Account of the stock stores had been understated by an amount of Rs.364,655.	The account of stock store should be corrected.	I will inform you that action will be taken to correct when preparing the financial statements of 2020.

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| (iv) | It had not been accounted by caring out the final stocks counting of the common stores, field stores, and stores of the stationaries in the year under review. | It should be taken to financial statements by counting the values of the stocks at the end of the year. | I will inform you that action will be taken to correct when preparing the financial statements of 2020. |
| (v) | While it had not been taken to the final stocks by counting the values of water pipes equipment's which had received by the project of Puraneguma the water store balances had been amounted to credit balance of Rs.51,443. | It should be included in the financial statements by counting the water store stock balance. | I will inform you that action will be taken to correct when preparing the financial statements of 2020. |
| (vi) | While it had paid an amount of Rs.217,000 as advances for 02 projects which had an estimated value of Rs.1,085,000,the creditors balance had been over accounted by an amount of Rs.217,000 due to accounting the total estimated value as the creditors. | The creditors' account should be corrected. | I will inform you that action will be taken to correct when preparing the financial statements of 2020. |

(b) Accounts Receivable and payables

Audit observation

Recommendation

Accounting Officer's

Commentary

Actions had not been taken to settled the total value of Rs.910,704 of 05 receivable accounts which had coming forward within the long term in the financial statements.

The receivable accounts which had to be received within long term should be collected.

I informed you that the action are taking to settle the balances.

(c) Lack of Written Evidence Required for the Audit

Audit Observation

Recommendation

Accounting Officer's
Commentary

- (i) The evidence relating 05 accounting subjects worth of Rs.101,676,086 had not been presented to the audit.

Documents should be maintained with appropriate evidences relating the value of account balances.

It had been instructed the relevant subject officers as done the corrections.

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| (ii) | Although the furniture and fittings worth of Rs.1,073,365 had been stated as disposals in the year under review, that value could not be proved by the schedules. | The schedules relating the values which had disposed should be presented. | The comments had not been given. |
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1.4 Non-Compliance

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	Actions had not been taken to gazet the roads which belong to the Sabha.	It should be published on gazette the roads according to the Pradeshiya Sabha Act.	I inform you that corrections will be done.
(b) Rule 217 Pradeshiya Sabha 1988 (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.	Accepted.

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 2019 amounted to Rs.12,559,960 as compared with the corresponding excess of revenue over recurrent expenditure for the preceding year amounted to Rs.7,012,600.

2.2 Financial Control

Audit Observation	Recommendation	Accounting Officer's Commentary
Actions had not been taken according to the financial Regulation 396(d) regarding the 06 cheques worth of Rs.99,835 which had elapsed 06 months after issuing.	Actions should be taken according to the FR.	I inform that the actions will be taken to get to the income the cheques which had not realized.

2.3 Revenue Administration

2.3.1 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	2019				2018			
	Estimated Revenue	Billed revenue	Revenue collected	Total arrears as at 31 December	Estimated Revenue	Billed revenue	Revenue collected	Total arrears as at 31 December
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Rates	637,907	276,316	725,208	739,717	261,808	680,000	735,479	498,701
License fee	900,000	1,985	791,734	791,734	1,985	1,000,000	715,010	715,010
Shop Rent	-	900,069	-	-	900,069	36,000	36,000	36,000
Other Revenue	10,375,000	2,814,156	8,933,454	8,633,367	3,114,242	12,450,000	17,422,051	5,061,031
Total	<u>11,912,907</u>	<u>3,992,526</u>	<u>10,450,396</u>	<u>10,164,818</u>	<u>4,278,104</u>	<u>14,166,000</u>	<u>18,908,540</u>	<u>6,850,742</u>

2.3.2 Rates

Audit Observation	Recommendation	Accounting Officer's Commentary
The receivable arrears rate income as at the end of the year under review was amounting to Rs.739,717.	The arrears should be collected promptly by taking actions according to the Pradeshiya Sabha Act and the Financial and Administrative Rules.	I inform that the actions will be taken to recover the arrears balances.

2. 3. 3 Rentals

Audit Observation	Recommendation	Accounting Officer's Commentary
The arrears shop rent which had coming forward from several years was amounting to Rs.897,069.	The arrears should be collected by taking actions according to the agreements.	I inform you that it had been sent for approval of the Chief Minister to cutoff these amounts.

2. 3. 4 Other Revenue

Audit observation	Recommendation	Accounting Officer's Commentary
An amount of Rs.14,935,262 of other revenue had been remained to receive as at the end of the year.	The arrears should be recovered.	I inform you that it will be taken actions to recover the arrears balances.

2. 3. 5 Court fines and stamp fees

Audit Observation

Recommendation

Accounting Officer's
Commentary

An amount of Rs.13,438,168 of court fines and an amount of Rs.288,100 of stamp fees had been remained to receive as at 31 December of the year under review from the Chief Secretary of the Provincial Council and other authorities.

Action should be taken to collect the receivable stamp fees and court fines.

I inform you that it will be taken actions to recover the arrears revenue.

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

Although it had been prepared an annual action plan by stating the tasks which should be done by the Sabha as per the enacted by-Laws but the financial targets had not been stated therein.

The financial targets should be included to the annual action plan.

I inform you that the action will be taken to corrected.

(b) Not- Obtaining the Desired Benefits

Audit Observation

Recommendation

Accounting Officer's
Commentary

Although it had been expended an amount of Rs.1,770,000 for develop the road which goes to the cemetery within the year under review, the road could not be used in the rainy days.

The responsibility of the Sabha needs to be taking actions as utilize the roads and make the estimates effectively.

I inform you that the action will be taken to develop the roads.

(c) Solid Waste Management

Audit Observation

Recommendation

Accounting Officer's
Commentary

Even though it had spent an amount of Rs.3,483,005 for solid waste management within the year under review, garbage had been dumped in the government reservation land at a lake without proper management.

Solid waste should be dumped appropriately.

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

3.2 Management Inefficiencies

Audit Observation

Recommendation

Accounting Officer's
Commentary

(a) Action had not been taken as per the Financial Regulation 104 regarding the shortage of library books worth of Rs.54,303 which had revealed by the annual good survey in 2019.

Action should be taken according to the Financial Regulations.

I inform you that the future actions will be taken according to the instructions of the Assistant Commissioner of the Local Government.

(b) Actions had not been taken regarding the shortage of GI pipes worth of Rs.98,000 which had revealed by the good survey in 2018.

The loss should be recovered by taking action according to the Financial Regulations.

I inform you that further action will be taken on the recommendations of the board of inquiry in this regard.

3.3 Human Resource Management

Audit Observation

Recommendation

Accounting Officer's
Commentary

(a) Employee Vacancies

There were vacancies in 21 posts of the Sabha as at 31 December of the year under review.

Employee vacancies should be filled.

The matter which had audited is accept.

(b) Employee Debt

(i) The 10 month salary advance loans had been paid in the year 2019 without considering the limitations mentioned in the section 3.2 chapter XXIV of Establishment Code of the Democratic Socialist Republic of Sri Lanka.

Actions should be taken according to the Establishment Code.

I inform you that actions will be taken correctly in future.

(ii) An amount of Rs.46,316 had been remained to receive as the employee debt from the two officers who had not working in the Sabha currently.

Actions should be taken to recovered the arrears employee loans balances.

I inform you that tit had been sent for the approval of the Chief Minister to cut off these balances.

3.4 Assets Management

3.4.1 Not Documenting the Assets

Audit observation

The water equipment's stock which had given by the project of Pura Neguma in the year 2017 had not been documented.

Recommendation

The assets of the Sabha should be documented by identifying.

Accounting Officer's
Commentary

I will inform you that action will be taken to correct in the year 2020.

3.4.2 Not confirming the safe of the Assets

Audit observation

An unauthorized person had been acquired a plot of more than ½ acre of land at the cemetery of Guruwelayaya belongs to the Sabha which had area of 2 1/2 acres.

Recommendation

Actions should be taken to save the assets of the Sabha.

Accounting Officer's
Commentary

I inform that the actions of acquiring the land are undertaking.

3.4.3 Assets Could Not Takenover

Audit observation	Recommendation	Accounting Officer's Commentary
05 vehicles which had given to the Pradeshiy Sabha had not been taken over.	Actions should be taken to taken over the relevant vehicles.	I inform you that action will be taken take over the vehicles.

3.4.4 Idle and Underutilized Assets

Audit observation	Recommendation	Accounting Officer's Commentary
(a) 08 vehicles which could not be utilized from long-term had been remained at an unusable level.	Actions should be taken to dispose the vehicles or to be repaired.	I inform that it had been requested for the report of Mechanical Engineering for auctioning the vehicles.
(b) A generator which had received in the year 2006 as a donations had been remained at the Sabha premises without utilizing.	Actions should be taken to utilize the assets effectively.	I inform you that action will be taken to utilized after doing repairing.

3.5 Utilization of the Vehicles

Audit Observation	Recommendation	Accounting Officer's Commentary
Fuel combustion test of some vehicles of the Sabha had not been carried out according to the section 3.1of the circular No.30/2016 dated on 29 December 2016 of secretary of the Ministry of Public Administration and Management.	The fuel combustions tests of the vehicles should be carried out according to the circulars.	I inform you that it had been given instructions to the officers to take actions in this regard.

3.6 Visual Disorders

Audit Observation

Recommendation

Accounting Officer's
Commentary

Although it had been purchased 103 water tanks of 500 liters by expending an amount of Rs.478,900 for providing to the 103 kidney patients by the program of uplift of specializes economical infrastructure under Provincial Specific Development Grant - 2018, it had been given to the funeral parlors and other persons in the area by the Pradeshiya Sabha members without giving them to the selected beneficiaries.

The goods should be distributed to the selected beneficiaries.

Action will be taken to prevent same deficiencies in future

3.7 Procurement

3.7.1 Procurement Plan

Audit Observation

Recommendation

Accounting Officer's
Commentary

A procurement plan had not been made as per the section 4.2.1 of the procurement guideline codes of 2006.

A procurement plan must be prepared annually.

I inform that the actions will be taken to correct.

3.7.2 Contract Administration

Audit Observation	Recommendation	Accounting Officer's Commentary
(a) Developing the school road of the division of Gaburu-Oya		
Although it had been completed the works by contracting with the armers organization of D58/59 in Bedum –Ela for the project at an amount of Rs.835,000 it had been observed that the surface of the road and the surface on the culverts which had completed the works had not been prepared by applying the gravel.	Actions should be taken to made the road as per the estimates.	I inform you that it will be corrected.

4 Accountability and Good Governance

4.1 Internal Audit

Audit Observation	Recommendation	Accounting Officer's Commentary
(a) Actions had not been taken to establish a unit of internal audit as contribute adequately.	An internal audit unit should be established.	I inform you that this is caused by the employee vacancies.
(b) Internal audit plan had not been presented for the discussion at the Audit and Management Committee by preparing.	An internal audit plan should be presented to the audit and management committee.	I inform you that the action will be taken to correct.