

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Dompe Pradeshiya Sabha for the year ended 31 December 2024 comprising the Statement of assets and liabilities as at 31 December 2024, Statement of Comprehensive Income, Statement of changes in Net Assets/Equity, Cash Flow Statement for the year then ended and notes to the financial statements including material accounting policy information was carried out under my direction in pursuance of provisions in Article 154 (1) of the constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Sub-Section 172 (1) of the Pradeshiya Sabha Act No. 15 of 1987 and Sub-section 10(1) of the National Audit Act No. 19 of 2018. My comments and observations which I consider should be report to parliament appear in this report.

In my opinion, except for the effects of the matters described in paragraph 1.6 of this report, the accompanying financial statements give a true and fair view of the financial position of the Dompe Pradeshiya Sabha as at 31 December 2024, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards for Local Authorities.

1.2 Basis for Qualified Opinion

I expressed qualified opinion regarding the financial statements on the matters described in paragraph 1.6 of this report.

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

1.3 Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Public Sector Accounting Standards for Local Authorities, and for such internal control as management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Those charged with governance are responsible for overseeing the Pradeshiya Sabha's financial reporting process.

As per Section 16(1) of the National Audit Act No. 19 of 2018, the Pradeshiya Sabha is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable annual and periodic financial statements.

1.4 Audit Scope (Responsibility of the Auditor for the audit of Financial Statements)

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercised professional judgment and maintain professional skepticism throughout the audit. I also:

- Identified and assess the risks of material misstatement of the financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of its internal control.
- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

The scope of the audit also extended to examine as far as possible and as far as necessary the following;

- Whether the organization, systems, procedures, books, records and other documents have been properly and adequately designed from the point of view of the presentation of information to enable a continuous evaluation of the activities of the Pradeshiya Sabha, and whether such systems, procedures, books, records and other documents are in effective operation;
- Whether the Pradeshiya Sabha has complied with applicable written law, or other general or special directions issued by the governing body of the Pradeshiya Sabha;
- Whether it has performed according to its powers, functions and duties; and
- Whether the resources of the Pradeshiya Sabha had been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws.

1.5 Report on Other Legal Requirements

National Audit Act, No. 19 of 2018 includes specific provisions for following requirements.

- (a) The financial statements of the Pradeshiya Sabha presented is consistent with the preceding year as per the requirement of section 6 (1) (d) (iii) of the National Audit Act, No. 19 of 2018.
- (b) The financial statements presented includes all the recommendations made by me in the previous year as per the requirement of section 6 (1) (d) (iv) of the National Audit Act, No. 19 of 2018.

1.6. Audit Observations on the preparation of Financial Statements

1.6.1. Accounting Deficiencies

Audit Observation	Comments of the Sabha	Recommendation
(a) While accounting for the value of a bathing well worth Rs. 250,000, the Reserves and Allocations Account should have been credited, but it was credited to the Accumulated Funds Account.	Accepted.	Should be accounted correctly.
(b) Due to the fact that the cash discount received on the purchase of stocks had been taken into account, the surplus was Rs. 3,222,236, the library book account was Rs. 500,649, and the Ayurveda stock account was Rs. 2,721,587 overstated.	Cash discounts should be taken into account.	Should be accounted correctly.
(c) The surplus was overstated by that amount due to the fact that the depreciation of Rs. 2,351,762 for the current year based on the revalued value of vehicles was debited to the accumulated funds account instead of debiting it to the depreciation account.	Depreciation related to previous years has been accounted.	Should be accounted correctly.
(d) The opening balance of roads, bridges, culverts and lands, as per the balance schedule as per the financial statement, showed an increase of Rs. 81,064,257 and a decrease of Rs. 292,823,600 over the balance. The Land Account was debited with Rs. 292,823,600 and the Roads, Bridges, Culverts Account was credited with Rs. 81,064,257 and the Reserves and Allocations Account was credited with Rs. 211,759,343 without identifying the reasons for the increase.	Computer errors are changes and there are no sub- schedule.	The opening balance change should be identified and corrected.

2. Financial Review

2.1. Financial Result

According to the Financial Statements presented, excess of revenue over expenditure of the Sabha for the year ended 31 December 2024 amounted to Rs. 64,717,558 as compared with the excess of revenue over expenditure amounted to Rs. 45,239,814 in the preceding year.

2.2. Revenue Administration

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

The information on estimated revenue, billed revenue, collected revenue and arrears of revenue submitted by the Secretary for the year under review and the previous year is shown below.

	Source of Revenue	2024				2023			
		Estimated Revenue	Billed revenue	Collected revenue	Total Arrears as at 31 December	Estimated Revenue	Billed revenue	Collected revenue	Total Arrears as at 31 December
		Rs.(000)	Rs.(000)	Rs.(000)	Rs.(000)	Rs.(000)	Rs.(000)	Rs.(000)	Rs.(000)
(i)	Rates and Taxes	31,916	37,636	29,373	8,263	30,430	31,020	22,280	8,740
(ii)	Rent	32,555	35,375	33,063	2,312	24,560	21,505	18,776	2,730
(iii)	License fees	1,814	1,715	1,715	-	1,417	1,619	1,619	-
(iv)	Other Revenue	191,265	197,298	194,306	7,365	195,663	166,310	152,259	14,050
		257,550	272,024	258,457	17,940	252,070	220,454	194,934	25,520

2.2.2. Performance in Revenue Collection

Observations related to performance in Revenue Collection of the Sabha are given below.

Audit Observation	Comments of the Sabha	Recommendation
As at 01 January 2024, the outstanding tender tax balance was Rs. 2,172,122, of which Rs. 172,268 was collected during the year so the collection from the arrears was a low percentage of 8 percent.	That a lawsuit has been filed to recover the money.	Arrears of revenue should be recovered promptly.

3. Operational Review

3.1. Performing of Functions Enacted by the Act

Matters revealed with regard to fulfilling regulation and control and administration of public health, public utility services and public roads, generally with the protection and promotion of the comfort, convenience and welfare of the people and amenities by the Sabha under Section 3 of the Pradeshiya Sabha Act are shown below.

Audit Observation	Comments of the Sabha	Recommendation
Although provisions of Rs. 2,200,000 had been made for resolving public complaints in the annual estimate, Rs. 1,200,000 had been transferred to other expenditure items and Rs. 964,991 which should have been borne from the Industrial Expenditure Item had been borne from this expenditure item.	It has been transferred to another expenditure item as needed and has been used for industries as per public demands.	Expenditures should be incurred for targeted activities according to the annual estimate.

3.2. Management Inefficiencies

Audit Observation	Comments of the Sabha	Recommendation
When the Sabha officials left the office after the planning committee concluded, their time was not marked on the timekeeping machine.	It will be correct it in the future.	The fingerprint machine should be used to mark the departure.

3.3. Idle or underutilized Assets

Audit Observation	Comments of the Sabha	Recommendation
(a) A trailer with deck worth Rs. 400,000 was lying idle in the old office premises.	Prices have been quoted for repairs.	Should be repaired and put to use.
(b) The decks of two tractor trailers, valued at Rs. 120,000, had not been accounted for and had been disposed from use and decaying since 2018.	It is scheduled to be repaired and put into use.	The assets of the Sabha should be utilized with maximum efficiency.
(c) The old vibration plate remained inactive.	That it is destined for disposed.	Should be disposed of properly.

3.4 Assets Management

Audit Observation	Comments of the Sabha	Recommendation
Out of the 218 lands used by the sabha, deeds for 31 lands, plans for 126 lands, and the inventory register of trees in 3 sub-offices had not been updated, and the security of those assets had not been ensured.	The preparation of declaration deeds and the preparation of fence boundaries have begun.	Land ownership and security should be ensured.

3.5 Human Resources Management

Audit Observation	Comments of the Sabha	Recommendation
There were 7 vacancies in 8 approved Librarian posts for 4 public libraries and 8 rural libraries operating under the sabha and 13 excesses positions in 5 approved Development Officer posts.	The recruitment authority is the Department of Management Services and has been informed of the vacancies through staff reports and 13 Development Officers have been attached in the year 2021.	Vacancies should be filled as needed and excess amount of employee should be approved.

4 Accountability and Good Governance

4.1. Submission of Financial Statements

Audit Observation	Comments of the Sabha	Recommendation
In terms of Section 16(2) of the National Audit Act No. 19 of 2018, the annual financial statements of the local government institution are required to be submitted to the Auditor General on or before 28 February of the following financial year in accordance with Rule No. 08 on Accounting Matters Relating to the Financial Administration of the Western Province Pradeshiya Sabhas, as enacted by the Extraordinary Gazette No. 2155/8 dated 24 December 2019, but the financial statements for the year under review were submitted on 02 May 2025 after a delay of 63 days.	The revised financial statement was submitted on 02 May 2025.	Acts and regulations must be followed.

4.2. Budgetary Control

Audit Observation	Comments of the Sabha	Recommendation
The estimated allocations for 11 recurrent expenditure items of the Dompe Pradeshiya Sabha during the year under review were 100 percent or Rs. 1,771,674, while between 50 percent and 99 percent of the estimated allocations for 29 expenditure items remained, or a total of Rs. 4,998,394. It is observed that the budget document was not utilized as an effective control tool.	There are 23 token allocations and foreign travel insurance, holiday train passes, and payments such as employee provident fund, uniforms, committee allowances, and fixed asset repair and maintenance will be paid only if submitted.	The budget should be utilized as an effective control tool.