

Wilgamuwa Pradeshiya Sabha
Matale District

1. Financial Statements

1.1 Presentation of Financial Statements

The Financial Statements for the year under review had been presented for the audit on 17 April 2017 and the Financial Statements for the previous year had been presented for the on 25 April 2016.

1.2 Qualified Opinion

In my opinion except for the effect of the matters described in paragraph 1.3 of this report, Financial Statements give a true and fair view of the financial position of the WillgamuwaPradeshiyasabha as at 31 December 2016 and its financial performance for the year ended in accordance with Generally Accepted Accounting principles.

1.3 Comments on Financial Statements

1.3.1 Accounting Policies

Stock Valuation base as at 31 December for the year under review had not been stated.

1.3.2 Accounting Deficiencies

The following accounting deficiencies had been observed at the audit.

- (a) The library books had been recorded in the accounts at a lesser amount of Rs. 85,061 at the end of the year under review.
- (b) Income of Rs 124,873 under the no 6/43 and expense of Rs 365,858 under other expenses were accounted during the year under review though the income and expense of E- nenas should be accounted Separately.
- (c) Although Rs. 65,434 was stated as the general store stock in the account as at the end of the year under review but such stock couldn't be seen physically.

1.3.3 Un reconciled Control Accounts

The total amount of Rs. 2,097,403 was observed in the total balance of Rs. 34,984,372 stated in the financial statements relating to 5 subjects when the compared to balances stated in the relevant source documents and reports.

1.3.4 Suspense Accounts

A balance as at the end of the year was Rs. 760,895 due to debiting of Rs. 7,840,362 and crediting of Rs. 7,080,008 in the year under review to the balance of Rs. 6,106,338 in the suspense Account at the end of the previous year while the suspense account is continually being shown in the accounts and action had not been taken to correct that.

1.3.5 Accounts Receivables and Payables

The receivable amount of Rs. 902,054 under 04 subjects and the payable balance of Rs. 3,612 which were brought forward for a long time period and those balances had been also carried down in the year under review without settling.

1.3.6 Lack of evidence for Audit

The transactions relating to 5 subjects worth of Rs. 11,471,026 had been checked successfully due to the non - availability of relevant evidence.

1.3.7 Non – compliance with Laws, Rules and Regulations

The following instances of non-Compliance were observed in the audit.

Reference to Laws, Rules and Regulations	Non - Compliance
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(a) 1988 Pradeshiya Sabha (Financial and administration) Rule 217	A document had not been maintained in accordance with the format PL 46 about all the lands and buildings used and owned by the council.
(b) Public Finance Circular No. 04/2015 dated 14 July 2015	The council has faced a loss of Rs. 26,037 due to the insuring of 11 council owned vehicles through an insurance agent without obtaining insurance facilities through competitive price quotations.
(c) The extra ordinary Gazette No. 1523/16 part (B) dated 25 January 2008 imposed under the regulations of the revised National Environmental Act No. 47 of 1980 the Act No. 56 of 1988 and the Act No 53 of 2000.	The environmental Assurance permits had not been given to the mills while has dry processes and grinding of graining which has to be get the permit.

- (d) Financial Regulation 371 of the Democratic Socialist Republic of Sri Lanka Actions had not been taken to settle the total advances of Rs. 2,957,360 exceeding 8 years.

2. Financial Review

2.1 Financial Results

According to the financial statements presented, the excess of revenue over the recurrent expenditure of the Sabha for the year ended 31 December 2016 amounted to Rs.7,553,766 as compared with the corresponding excess of revenue over the recurrent expenditure to Rs.10,576,228 for the preceding year. When compared with the preceding year, a decrease of Rs.3,022,462 was shown in the financial results for the year under review.

2.2 Revenue administration

2.2.1 Rates

The Following observations are made.

- (a) The rates had been collected relating to 15 newly constructed building in the year under review by assessing temporarily.
- (b) The rates income had been reduced in the year under review due to the non-estimation of rates after 2011.
- (c) Rs. 101,484 had to be collected form the government institutions at the end of the year under review as receivable rates.

2.2.2 Lease Rent

Actions had not been taken to recover the monthly shop rent of Rs. 236,253, arrears shop rent of Rs. 660,816 and fish stall rent of Rs. 3,000 which had to be collected at the end of the year under review.

2.2.3 Other Income

The following observations are made.

- (a) Actions had not been taken to collect charges form the identified three wheel parks in the Sabhaarea.
- (b) The arrears water charges of Rs. 818,150 had to be recovered at the end of the year under review.

2.2.4 court fine and stamp fees

A sum of Rs 3,888,925 as court fines and a sum of Rs 82,000 as stamp fees was to be paid at the end of year under review.

3. Operational Review

3.1 Operational Inefficiencies

The following observations are made.

- (a) The total amount of Rs. 83,421 of employee loans which had to be collected from 7 officers worked in the sabha and retired, dead and transferred since 2006 had not been collected during the year under review.
- (b) A proper investigation had not been made at the road roller and the maintenance of running charts and they had not been checked by the administration officer daily. Also actions had not been taken to record the details relating to the fuel provided to the road roller by the person/ organizations.
- (c) 17 Galvanize tubes out of 273 sent by the Ministry of Provincial Councils and local government in the year 2015 had been misplaced.
- (d) Although the Financial regulation 104 (4) inquiring report issued on 04 April 2014 relating to the accident of a cab owned by the Wilgamuwa Pradeshiya Sabha which had been taken place on 22 March 2013 Rs. 16,705 had not been collected to the year under review from the Chairman of the Pradeshiya Sabha who was responsible for that loss.
- (e) There were 14 vacancies in the staff of the Pradeshiya Sabha as the end of the year under review and this had been directly affected the performance of the council.

3.2 Idle or underutilized Assets

5 vehicles owned by the council had been in inactive stage for 10 year time period at the end of the year under review.

3.3 Contract Administration

Development of Children's park at Hettipola

Although the children's park of Hettipola had been developed on Rs. 1,200,000 provisions received under the project of uplifting the infrastructure facilities of the local government authorities, the park couldn't be used due to.

3.4 Delayed projects

2 industries worth of Rs. 500,000 on the provision made through the 2016 budgeting estimate had not been implemented during the year under review due to the lack of required funds.

3.5 Solid waste Management

It had been seen the lives of the animals are endangered also the surrounding environment was uncleaned due daily dumping of 1 metric ton of garbage without any separation for a government land in the area of the provincial council.

4. Accountability and Good Governance

4.1 Annual Procurement Plan

The Pradeshiya Sabha had not prepared a procurement plan during the year under review.

4.2 Internal Audit

Although an internal audit unit/ branch had been established in accordance with the 1988 Pradeshiya Sabha (Financial and Administration) Rule 5(7), any audit query had not been sent to the Auditor General.

4.3 Audit and Management Committees

Although the steps had been taken to establish the audit and management committees in accordance with the letter No. CPC/CLG/1/9/1/4 of the Commissioner of Local Governments dated 8 August 2014, only one committee meeting had been held.

5. Systems and Controls

Special attention is needed in the following areas of controls.

- (a) Assets control
- (b) Revenue collection
- (c) Stores control
- (d) Contract Administration