

Welivitiya Divitura Pradeshiya Sabhawa
Galle District

1. Financial Statement

1.1 Presentation of Financial Statements

The financial statement for the year 2017 had been presented for Auditor General on 28 Marcc 2018 and these financial statements was issued to the Chairman on 29 September 2018.

1.2 Qualified Opinion

In my opinion, except for the effects of the matters described in paragraph 1.3 of this report, the financial statements give a true and fair view of the financial position of the Welivitiya Divitura Pradeshiya Sabha. as at 31 December 2017 and its financial performance for the year then ended in accordance with Generally Accepted Accounting Principles.

1.3 Comments on Financial Statements

1.3.1 Accounting Deficiencies

A sum of Rs.227,404 spent on construction of concrete ditch in the premises where Ethkandura Puraneguma Building is located and procurement of a water tank and a motor had not been capitalized.

1.3.2 Accounts Receivable and Payable

(a) Accounts Receivable

The following observations are made

- (i) Action had not been taken to recover stamp fee of Rs.11,153,611 recoverable for the period from 2007 to 2016.
- (ii) Action had not been taken to obtain capital aids of Rs.300,589 receivable for preceding years.

(b) Accounts payable

The following observations are made;

- (i) Action had not been taken to settle a sum of Rs.444,108 payable in respect of 03 industries completed during the preceding years.

- (ii) Action had not been taken to settle a sum of Rs.66,100 being stamp fee schedule preparation charges in respect of 2015 and 2016.

1.3.3 Non-Compliance with Laws, Rules, Regulations and Management Decisions

Instances relating to non-compliance with laws, rules, regulations and management decisions are given below;

Reference to laws, Rules, Regulations & Management decisions	Value	Non-Compliance
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	Rs.	
Pradeshya Sabha rules, (Financial & Administration) 1988		
Rule 131	2,522,602	Whereas monthly average balance of a normal bank account owned by the Sabha in 2017 was Rs.2,522,602, no action had been taken to invest the same

2. Financial Review

2.1 Financial Results

According to financial statements presented for auditing the excess of recurrent expenditure over revenue of the Sabha for the year ended 31 December 2017 amounted to Rs.3,582,178 as compared with the excess of the recurrent expenditure over revenue for the preceding year amounted to 5,778,929.

2.2 Revenue Administration

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

Information relating to estimated revenue, billed revenue, collected revenue and revenue in arrears presented in respect of the year under review and the preceding year are as follows:

Sources of Revenue	2017				2016			
	Estimated Revenue	Billed Revenue	Collected Revenue	Total arrears in as at 31 Decem.	Estimated Revenue	Billed Revenue	Collected Revenue	Total arrears in as at 31 Decem.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
(i) Rates & Taxes	320,000	18,835	35,940	87,490	289,000	21,073	71,276	104,596
(ii) Lease Rent	1,175,200	43,200	43,200	-	1,416,700	43,200	55,800	600
(iii) Licence fee	187,500	493,050	480,950	15,350	216,000	433,850	432,100	3,250
	<u>1,682,700</u>	<u>555,085</u>	<u>560,090</u>	<u>102,840</u>	<u>1,921,700</u>	<u>498,123</u>	<u>559,176</u>	<u>108,446</u>

2.2.2 Rates & Taxes

Billed Acre Tax revenue amounted to Rs.18,835. However the recovery during the year under review was Rs.35,940 which took minimum value of 29 percent out of the total amount of the year under review.

2.2.3 Court Fines & Stamp Fees

A sum of Rs.17,443,280 and a sum of Rs.138.417 were recoverable as stamp fees and court fines respectively as at 31 December 2017 from the Chief Secretary and other authorities of the Provincial Councils.

3 Operating Review

3.1 Performance

Matters revealed in the fulfillment of activities which were to be performed by the Sabha with regard to streamlining and maintaining of public health, common utility services and public roads as well as satisfaction and welfare of the people under section 3 of the Pradelshiya Sabha Act are as follows:

(a) Action Plan

Although an annual action plan had been prepared for the fulfillment of activities that had to be undertaken by the Sabha in terms of by-laws enacted, it had not been prepared precisely and systematically.

(b) Non attended activities

Although a sum of Rs.100,000 was received for road repairing and Rs.75,000 for road development and street lamp repairing during 2017 within the Divitura

Pradeshiya Sabha area which was affected by flood and earth slips, those activities had not been undertaken even by June 2018.

(c) Solid Waste Management

The following observations were made;

- (i) 20 perch land block of Divitura Estate had been set apart for disposal of solid waste. Accordingly about 0.25 tons of decaying waste were dumped on to the said land once a week. Although there was a plan to dump waste into pits to be covered subsequently. However it was not successful and the waste were seen spreading throughout the land.
- (ii) Environment permit had not been obtained for the land for waste disposal. In order to carry out waste disposal at household level, 13 waste collecting bin sets had been purchased at a cost of Rs.47,782. However they had been stored without being distributed.

(d) Sustainable Development Targets

The Sabha had not prepared long-term plans for enhancing living standard and health of the people in the area of authority of the sabha through global indicators for sustainable development goals and targets in the Agenda 2030 for sustainable development.

3.2 Management Inefficiencies

Due to non entering into an agreement with the Ceylon Electricity Board for maintenance of street lamps in the area of authority of the Sabha for 2015, 2016 and 2017 in terms of the Circular No.PE/01/01 dated 17 August 2010 of the Ministry of Power and Energy it had not been possible to reimburse a sum of Rs 780,160.

3.3 Human Resources Management

(a) Employee vacancies and excesses

The following observations were made

- (i) Within the cadre of the Pradeshiya Sabha 06 posts in the secondary section and 02 posts in the primary section remained vacant while there had been an excess in one post. However no action had been taken either to fill vacancies or regularize excess posts.

- (ii) A Library Assistant had been employed to cover duties of a post of Management Assistant while two field Labourers had been entrusted with duties of Ayurvedic Drug Combiner and Pre school female warden.

(b) Staff Loan

Due to a field Labourer of the sabha having vacated the post, it was not possible to recover an employee loan of Rs.150,206.

3.4 Asset Management

3.4.1 Idle and Under Utilized Assets

The following observations were made

- (i) Although 40 child chairs had been purchased for opening a pre school in the “Puraneguma” Multi Purpose Centre. As it was not materialized, 32 chairs had been kept in the store.
- (ii) DM 20 brand Power Generator purchased by the Sabha in 2015 at a cost of Rs.430,000 had been kept in idle from the date of purchasing.
- (iii) A refrigerator had been remaining idle in the store since 2012.

3.5 Asset Management

3.5.1 Non ensuring the safety of assets

The following observations were made.

- (a) 117 library books valued at Rs.28,050 borrowed since 2008 had not been returned even though the date of returning had been expired and no action had been taken to recover the value either from Members or from Guarantors.
- (b) According to the recommendations of the Board of Survey Report 2017, 80 library books to the value of Rs.13,974 had not been presented to Board of Survey.

3.6 Procurement

3.6.1 Contract Administration

Rs.4,100,933 had been spent on the installation of electric lift in the multi purpose building constructed at a cost of Rs.34,151,894 under “Pura Neguma” project. Although the objective is to utilize this electric lift as an access point for the disable, it had not been installed in a manner to be utilized by disable persons.

4 Accountability and Good Governance

4.1 Budgetary Control

A considerable variance as indicated below was observed between budgetary and actual income/expenditure during the year under review. Therefore it was observed that the annual budget had not been adopted as effective financial management controlling mechanism.

- (a) The total provision of Rs.134,000 obtained under 02 expenditure captions had been available as a saving.
- (b) Rs.1,783,686 had been spent in excess of the approved limit of one expenditure captions, the value which had been 26 percent.
- (c) The total of variances under 04 Revenue captions amounted to Rs.9,942,065, the value of which ranging from 36-58 percent.

4.2 Internal Auditing

Although an Internal Auditor had been appointed by the Sabha, a sufficient internal auditing had not been carried out.

5 Systems and Control

Shortcomings observed at the auditing were brought to the attention of the Sabha and special attention shall be paid to the following areas of administration.

<u>System</u>	<u>defects</u>
(a) Accounting and keeping record	Non settlement of balance being existed over many years
(b) Collection of Revenue	(i) No attention had been paid for recover of revenue in arrears
	(ii) No action had been taken to recover stamp fees.
(c) Vehicle Administration	Non disposing or non repairing of vehicles remaining idle.
(d) Budgetary Control	Budget had not been adjusted to suit to practical situations.