

Warakapola Pradeshiya Sabha
Kegalle district

1. Financial Statements

1.1 Presentation of Financial Statements

The Financial statements for the year 2018 were submitted to the auditor on 25 March 2019 and the auditor general's summary report was submitted on 31 May 2019 and detailed management audit report was submitted to the chairman on 26 June 2019.

1.2 Qualified Opinion

In my opinion , except for the effects of the matters described in basis for a Qualified Opinion section this report, the financial sttements give a true and fair view of the financial position of the Warakapola Pradeshiya Sabha as at 31 December 2018 and its financial performance for the year then ended in accordance Generally Accepted Accounting Principles.

1.3 The Basis for the Qualified Opinion

(a) Accounting Deficiencies

| Audit observation ----- | Recommendation ----- | Comments of the Accounting Officer ----- |
|--|---|---|
| Without recognizing the cost of fixed assets disposed of in the year under review , only the amount of Rs. 220,076 which has been received from sale, had been accounted | Removal of fixed assets must be properly accounted. | Agreed, will account properly in future. |

(b) Unreconciled Accounts

| Audit Observation ----- | Recommendation ----- | Comments of the Accounting Officer ----- |
|--|--|---|
| The accounting material included in the financial statements was a | The differences between the account balances | There are variations in the original publications and documents due to errors in the maintenance of records |

difference of Rs. 45,767,064 from the balance of the 17 balance sheets and related supporting documents.

and supporting documents should be corrected.

and the lack of accurate balancing of the public deposit records for employee loans. Although the yearly correct subscripts are forwarded, there is a mismatch in the pre-existing balance and advised to correct the balance of previous year, after reviving the balances of the previous years.

1.4 Non - Compliance

1.4.1 Non – compliance with Laws, Rules, Regulations and Management Decisions

| Reference to Laws, Rules, and Regulations | Value | Non Compliance | Recommendation | Comments of the accounting officer |
|--|---------|--|---|---|
| | Rs. | | | |
| (a) Financial Regulations of the Democratic Socialist Republic of Sri Lanka. | | | | |
| (i) Financial Regulations 396 (d) | 154,010 | Action had not been taken regarding 5 cheques that had been issued but not presented to the bank and validity period exceeding six months. | Action must be taken according to the Financial Regulations | Kindly inform that arrangements are being made to add the non-cashed cheques to the revenue |
| (ii) Financial Regulation 571 | 531,608 | Action had not been taken | Comply with the financial regulations | Deposits have been brought to the income up to |

regarding the deposits, over two years

31 December 2015 and the subject officers have been informed by letters to bring the deposited income up to 31 December 2016, and action will be taken to add them into revenue as soon as the information are received from the subject officers regarding whether they could be added to the revenue.

| | | | |
|---|--|---|--|
| (iii)Financial Regulation 1646 | Running charts of 6 vehicles of the Sabha had not been presented for audit. | Comply with the financial regulations . | Preparing daily running charts and summaries of all vehicles owned by the council for the year 2019 will be presented for audit in future. |
| (b) Circular number 1988/22 Dated 17 May 1988 of the Commissioner of the Local Government | Assessment of rates to be done once in 5 years had not been done since 2007. | Should act according to the circular | Letters had been sent to the department of valuation for several times informing them of a valuation |

2. Financial Review

2.1 Financial Results

According to the financial statement presented, the income beyond the recurrent expenditure of the Sabha for the year ended 31 Decemder 2018 was Rs.22,730,526 and correspondingly, the revenue over recurrent expenditure of the previous year was Rs. 33,905,666.

2.2 Financial Control

Audit Observations

No action had been taken to identify and settle 4 dishonor cheques, worth Rs. 15,346 which have been fixed for a period of one year and 11 years which cannot be determined.

Recommendation

Action must be taken according to the Financial Regulations and should be settled

Comments of the Accounting Officer

Action will be taken of the two cheques that were dishonor in the year 2007 and time is running out of check. Take immediate action regarding the cheque of the year 2017.

2.3 Revenue Administration

2.3.1 Estimated Revenue, Billed Revenue, Acculated Revenue and Deficit Revenue

Details of Estimated Revenue, Billed Revenue, Gross Revenue and Arrears of Revenue for the year under review and the previous year are given below.

| Source of Revenue | Estimated Revenue | 2018 | | | Estimated Revenue | 2017 | | |
|-------------------|-------------------|----------------|-------------------|-------------------------------|-------------------|----------------|-------------------|-------------------------------|
| | | Billed Revenue | Revenue Collected | The deficit as at 31 December | | Billed Revenue | Revenue Collected | The deficit as at 31 December |
| | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. |
| Rates And Taxes | 5,987,000 | 6,233,093 | 4,305,107 | 1,927,985 | 5,987,000 | 6,381,490 | 4,638,168 | 1,743,322 |
| Rent | 5,325,000 | 4,909,288 | 4,151,669 | 757,619 | 6,637,000 | 4,760,666 | 4,408,087 | 352,579 |
| Other Income | 94,059,000 | 89,694,058 | 5,850,309 | 36,843,670 | 80,865,000 | 82,414,946 | 47,829,284 | 34,585,662 |

2.3.2 Rates and Taxes

Audit observations

- (a) Action had not been taken by the Sabha to collect an arrears of Rs. 5, 703,676 of assessment tax and acre levies in the year under review.

Recommendation

Action should be taken to recover the arrears.

Comments of the accounting officer

A number of measures have been taken to reduce the amount of arrears of taxes and accordingly amount of due arrears has come down up to Rs. 4,254,399. 82

- | | | |
|---|--|---|
| (b) Action had not been taken to identify the taxable land in the area of the council and to amend the documents and collect the revenue. | Action should be taken to recover the revenue. | Instructed to carry out the investigation and collect the revenue after the verification. |
|---|--|---|

2.3.3 Other Revenue

| Audit observations | Recommendation | Comments of the accounting officer |
|--|---|--|
| ----- | ----- | ----- |
| (a) The four hotels registered in the Tourist Board had not been charged. | Action should be taken to recover the revenue. | The registration fees of the four hotels which have not been recovered by the Tourist Board will be charged within this year along with the charges of four hotels. |
| (b) By the end of the year under review, 18 institutions exceeding the validity period of the Environmental permit were required to be charged Rs. 78,000. | Action should be taken to recover the due fees of Environmental permit. | Reminder letters have been sent to all expired institutions to extend the licence period and letters have been sent to the Medical Officer of Health on 30 January 2019 to submit the report of the public Health Inspector. |

2.3.4 Court Fines and Stamp Duty

| Audit observation | Recommendation | Comments of the accounting officer |
|---|--|---|
| ----- | ----- | ----- |
| Rs. 9,763,241 court fines and Rs. 21,372,995 stamp fees were due by the chief secretary of the provincial council and other authorities as at 31 December 2018. | Action should be taken to recover the Court Fines and Stamp Duty | The schedules have been sent up to July 2018 , money has not been received yet. |

3. Operational review

3.1 Performance

The following are the observations on the performance of the functions of the council of the public welfare, convenience and welfare of public Health, Public Utilities and Public Roads under Section 3 of the Pradeshiya Sabha Act.

3.2 Action Plan

Audit Observations

Unable to perform the observations as the progress reports for the work performed against the annual action plan was not prepared.

Recommendation

Reports of Progress of work performed according to the action plan should be prepared

Comments of the accounting Officer

The action plan has been photocopied and forwarded to the heads of the divisions to monitor the progress of the action plan for the year 2019 and the heads of the Investigation Division is currently taking from the relevant subjects.

3.3 Human Resources Management

Audit observations

There were five redundancies and fifteen vacancies in the approved carder. The vacancy for the post of the Secretary of the Council and the post of Technical Officer were vacant.

Recommendation

Action should be taken to fill the vacancies and regularize surplus employees.

Comments of the accounting officer

Although the institute has periodically written and orally informed the vacancies, two officers have been appointed for the post of Revenue Inspector. Activities of the institute are spread over a large area and excess employees have been recruited for the purpose.

3.4 Asset Management

3.4.1 Non- Maintenance and Repairs

| Audit observation | Recommendation | Comments of the accounting officer |
|---|---|---|
| A sum of Rs. 450,000 had been allocated from the budget of 2018 for maintenance of public toilets and crematorium but the repairs and maintenance were not carried out. | Budgetary allocations need to be made more practical and planned. | Allocations have been made from the budget for the maintenance of the emergency maintenance, but funds are remaining unused as the maintenance had not been done. Provisions have been made in the year 2018 for the construction of fence around the cemetery but cemeteries have not been gazetted. Measures are being taken to do surveys to erect the cemetery boundary stone and send it to the Minister for approval this year. |

3.4.2 Non-Earning Revevue from Assets

| Audit observations | Recommendation | Comments of the accounting officer |
|--|---|--|
| Five public toilets owned by the Sabha had not been tendered or maintained by the Sabha in a manner that the public could use. | Action should be taken to ensure the welfare of the public. | Five public toilets have been tendered for public use but none has been awarded. |

3.4.3 Assets not taken over

| Audit observations | Recommendation | Comments of the accounting officer |
|--|--|--|
| No action has been taken to acquire 65 cemeteries out of 85 by the Pradeshiya Sabha. | Arrangements should be made to take over the cemeteries. | Of the 85 cemeteries in the area, only 20 are listed as assets of the Sabha. The remaining 65 cemeteries are |

owned by the Divisional Secretariat and action has been taken to take them over by the Pradeshiya Sabha.

3.4.4 Idle Assets

| Audit observations | Recommendation | Comments of the accounting officer |
|--|--|--|
| The tractor purchased in 2015 at Rs.2,165,800 had not been deployed in the year under review as there was no driver. | Action must be taken to make good use of assets. | Recruitment of employees should take place in approved staff. Even if health workers who possess a driving license is tried to be recruited, no applications were received as the wage is Rs. 1,000. |

3.5 Procurement Plan

| Audit observations | Recommendation | Comments of the accounting officer |
|--|-------------------------------------|--|
| Rs. 20,058,912 procurement activities had been done in the year under review but the procurement plan had not been prepared. | procurement plan should be prepared | The Procurement Plan for the year 2019 under the general meeting decision No. E -14 of 8 February 2019 for the purpose of procuring the goods and services relating to the year 2019 will be approved and proceeded accordingly. |

4. Accountability and Good Governance

4.1 Internal Audit

| Audit observations | Recommendation | Comments of the accounting officer |
|--|---|------------------------------------|
| Adequate internal audit was not carried out for the year under review. | Internal Audit should be carried out and internal control of the Sabha should be established. | Currently underway |

4.2 Audit and Management Committees

| Audit observations | Recommendation | Comments of the accounting officer |
|---|---|--|
| <p>Audit and Management Committee Meetings to be held in accordance with the Department of Management Audit No.DMA/2009(1) dated 9 June 2009 had not held during the year under review.</p> | <p>Audit and Management Committee meetings should be held</p> | <p>From the third quarter of 2018, Audit and Management Committee Meetings will be held quarterly.</p> |