

Welimada Pradeshiya Sabha
Badulla District

1. Financial Statements

1.1 Presentations of Financial Statements

The financial statements for the year 2018 had been presented for audit on the 28th of February 2019 and the summary report of the auditor General on the financial statements and the detailed management report had been forwarded to the Chairman on the 30th of May 2019 and on the 31st of May 2019 respectively.

1.2 Qualified Opinion

In my opinion, except for the effect of matters described in the basis of qualified opinion section of this report, the financial statements give a true and fair view of the financial position of the Welimada Pradeshiya Sabha as at 31st December 2018 and its financial performance for the year then ended in accordance with Generally Accepted Accounting Principles.

1.3 Basis for Qualified Opinion

(a) Accounting Deficiencies

Audit Observation -----	Recommendation	Comments of the Accounting Officer -----
(i) Interest on fixed deposits receivable as at end of the year under review had been overstated in the accounts by Rs. 1,740,031	----- Should be correctly brought to account	----- Action will be taken to rectify in future
(ii) Industrial credit balance of Rs. 620,270 had not been reserved in the year under review.	Should be correctly brought to account	Action will be taken to rectify in future
(iii) Although the employees' debt due at 31 December of the year under review was Rs. 13,873,443, a difference of 10,989 was noted due to Rs. 13,884,432 being	Should be correctly brought to account	Action will be taken to rectify in future

added to the financial statements

(iv) The common stock as at 31 December of the year under review had been overstated by Rs. 97,564	Should be correctly brought to account	Action will be taken to rectify in future
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1.4 Non compliance

Non-compliance with Laws, Rules, Regulations and Management Decisions

Reference of Laws, Rules, Regulations and Management Decisions	Non-Compliance	Recommendation	Comments of the Accounting Officer
(a) Pradeshiya Sabha Act No. 15 of 1987 Section 159 (1)	Proper measures have not been taken to recover the arrears of rent and weekly fair rates of Rs. 1,052,119 of the year under review	Should act in accordance with the provisions of the act	The laws, rules and regulations will be followed
(b) 1988 Pradeshiya Sabha (Finance and Administration) Rules 179	There were no contractual agreements relating to 14 stores offered on rent	Action should be taken according to the rule	The laws, rules and regulations will be followed
(c) Circular No. 1980/46 of 31 December 1980 of the commissioner of Local Government	Although property and lease rentals should be assessed once in five years, 35 shops belonging to the Sabha had not been assessed after 2010 up to 31 December of the year under review	Action should be taken according to the circular	The laws, rules and regulations will be followed
(d) Public Administration circular No. 30/2016 of 29 December 2016	The fuel consumption of 09 vehicles belonging to the Pradeshiya Sabha had not been checked	Fuel combustion testing should be carried out in due time	The laws, rules and regulations will be followed and the documents will be maintained

2. Financial Review

2.1 Financial Results

According to the financial statement presented, the excess of revenue over recurrent expenditure of the Sabha for the year ended 31 December 2018 amounted to Rs. 24,772,946 as compared with the excess of revenue over recurrent expenditure of the preceding year amounting to Rs. 35,483,499.

2.2 Revenue Administration

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

Information relating to the estimated revenue, revenue billed, revenue collected and the arrears of revenue furnished for the year under review and the previous year appear below

Source of Revenue	2018				2017			
	Estimated Revenue	Revenue Billed	Revenue Collected	Total arrears as at 31 December	Estimated Revenue	Revenue Billed	Revenue Collected	Total arrears as at 31 December
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Rates and tax	5,270,774	5,330,777	4,179,411	5,098,622	5,268,770	5,386,379	4,107,924	5,273,711
Shop rent	3,282,865	3,282,865	3,479,898	3,588,386	3,282,865	2,866,027	2,282,566	3,266,613
Acreage tax	12,827,890	12,492,061	11,986,012	12,232,014	7,047,100	7,159,939	6,925,273	7,197,733
Water tax	-	34,412,765	-	-	-	-	-	44,379,003
Total	21,381,529	55,518,468	19,645,321	20,919,022	15,598,735	15,412,345	13,315,763	60,117,060

2.2.2 Performance in collection of Revenue

Audit Observation	Recommendation	Comments of the Accounting Officer
(a) Rs. 20,919,022 had not been collected from the total assessed revenue of Rs. 55,518,468 of the year under review. It is 38 percent of the total assessed revenue	Recovery of arrears of revenue should be intensified	Action will be taken promptly in order to recover the arrears.
(b) An arrears of income and other income which has been existing since	Recovery of arrears of revenue should be intensified	Action will be taken to collect the arrears

over a year amounting Rs. 43,263,658 had not been collected in the year under review

2.2.3 Court Fines and Stamp Fees

(a) Court Fine

Audit Observation	Recommendation	Comments of the Accounting Officer
Court fines of Rs. 21,310,525 was due as at 31 December of the year under review	Recovery of court fee arrears should be intensified	Action will be taken to recover the arrears

(b) Stamp Fee

Audit Observation	Recommendation	Comments of the Accounting Officer
Stamp fee of Rs. 5,571,595 was due as at 31 December of the year under review	Recovery of stamp fee arrears should be intensified	Action will be taken to recover the arrears

3. Operating Review

3.1 Performance

The following matters were revealed with regard to duties to be fulfilled by the Sabha in terms of Section 3 of the Pradeshiya Sabha Act, such as regularization and control of matters relating to public health, common amenities and public highways, healthy environment of the public, facilities, welfare etc.

(a) Action Plan

Audit Observation	Recommendation	Comments of the Accounting Officer
An action plan had not been conducted for the year under review.	An action plan should be prepared and conducted accordingly	An action plan will be conducted in 2019.

(b) Sustainable Development Targets

Audit Observation	Recommendation	Comments of the Accounting Officer
<p>-----</p> <p>Although the council was aware of the “UN Sustainable Development Agenda 2030”, the action Indicators for measuring goals and targets which were identified as applicable to the council were not identified.</p>	<p>-----</p> <p>The indicators for measuring the sustainable development objectives and targets should be identified and the progress in achieving the annual goals should be measured</p>	<p>-----</p> <p>The indicators for measuring the objectives and targets of the sustainable development will be identified for the continuation of work in the future</p>

3.2 Management Inefficiencies

Audit Observation	Recommendation	Comments of the Accounting Officer
<p>-----</p> <p>(a) A building belonging to the Welimada Pradeshiya Sabha had been given on rent to run a state bank for a monthly rent of 150,000 with an agreement of 05 years. Since the valuation department had assessed the monthly rent for 03 years, it has avoided the possibility of changing the rent for the remaining 02 years.</p>	<p>-----</p> <p>Agreements which are signed with external parties should be created beneficial to the Sabha</p>	<p>-----</p> <p>Notification has been sent to amend the agreement.</p>
<p>(b) A due balance of Rs. 33,177,204 which has been existing For over a year had not been settled at the year under review</p>	<p>Action should be taken to settle the arrears</p>	<p>The due balance of the year under review will be settled</p>

3.3 Solid Waste Material Management

Audit Observation	Recommendation	Comments of the Accounting Officer
(a) Although garbage and substances that harm the environment should be disposed with adequate control according to the II section 10 (i) (a) (o) environmental act 1980 no 48 emended from the 1988 no 56 and 2000 no 53 disposable garbage is disposed regularly.	Garbage should be disposed systematically	According to the environmental laws, a work programme has been prepared for solid waste management and garbage disposal

3.4 Procurement

Audit Observation	Recommendation	Comments of the Accounting Officer
A procurement plan had not been prepared by the council for the year under review	A procurement plan should be prepared	A procurement plan for 2019 is being prepared

3.5 Human Resource Management

Audit Observation	Recommendation	Comments of the Accounting Officer
An arrears debt of Rs. 233,886 of 13 officers who had vacated from service and who had transferred in the year, had not been recovered	The outstanding debts should be recovered from the relevant individuals	According to the laws, rules and regulations, the statements will be maintained

4. Accountability and Good Governance

4.1 Internal Audit

Audit Observation	Recommendation	Comments of the Accounting Officer
No internal audit was carried	An internal audit should be	Action will be taken to conduct

out for the year under review

carried out

an internal audit for 2019

4.2 Implementation of Audit and Management Committee

Audit Observation	Recommendation	Comments of the Accounting Officer
----- Although an Audit and Management Committee should be established at least once in 04 months as per provisions in the Management Audit Circular No. DMA/2009 of 09 June 2009, only 02 meetings had been held in the year under review	----- An internal audit should be carried out according to the circular instructions	----- Action will be taken to conduct an internal audit once in 04 months in 2019