

Weligepola Pradeshiya Sabha

Ratnapura District

1. Financial Statements

1.1 Presentation of Financial Statements

The financial statements for the year 2018 had been presented to audit on 01 March 2019 and the summary report and the Detailed Management Report of the Auditor General on the financial statement had been issued to the Chairman on 28 May 2019.

1.2 Qualified Opinion

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

1.3 Basis for the qualified opinion

Audit Observation	Recommendation	Comment of the Accounting Officer
(a) An amount of Rs. 50,000/- receivable from the Divisional Secretariat Opanayake for a work and to be paid to the contractor had not been brought into account.	Receipts and Payments are need to be identified accurately and bring into accounts.	It's a mistake. Such situations will be avoided in the future.
(b) There was a difference amounting to Rs. 843,254/- between the balance of 03 account subjects as per the financial statements and the support documents as at the end of the year under review.	Financial documents and support documents are need to be reconciled.	Actions will be taken to check and correct it.

1.4 Non Compliances

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

The instances of non-compliance with laws, rules, regulations and management decisions are given below.

	Reference to laws, rules, regulations and management decisions.	Non-compliance	Recommendations	Comment of the Accounting Officer
(a)	1988 Pradeshiya Sabha (Finance & Administration) Rule 204	Action had not been taken regarding shortage of 36 goods items amounted to Rs. 43,250/- which was identified at the annual verification 2016.	Actions need to be taken in compliance with the Pradeshiya Sabha rules.	Relevant goods are still remained as shortage goods.
(b) (i)	Financial Regulations of the Democratic Socialist Republic of Sri Lanka. Financial Rule – 371(2)(C)	Miscellaneous advances totaling Rs. 2,765,119/- issued on 176 occasions between 1988 - November, 2018 had not been settled even by end of the year under review.	Actions need to be taken as per the financial regulations in respect of unsettled advances.	This remains for a longer period. It is difficult to find an amount that could be settled from the amount obtained.. It seems that there are accounting faults also occurred while accounting the same. Such things are not happening now.
(ii)	Financial Rule - 571	Actions had not been taken regarding deposits totaling Rs. 197,288/- relevant to the period from 1998 – 2016	Action should be taken as per the financial regulations.	I will look into this and take necessary steps.

2. Financial Review

2.1 Financial Results

According to the financial statements presented, the excess of revenue over recurrent expenditure of the Sabha for the year ended 31 December 2018 amounted Rs.2,922,468, as compared with the of revenue over recurrent expenditure of the preceding year amounting to Rs. 3,966,680.

2.2 Revenue Administration

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

The information with regard to the estimated revenue, billed revenue, collected revenue and the arrears of revenue furnished for the year under review and for the preceding year appears below.

Source of Revenue	Estimated Revenue	2018			Total arrears as at December 31 st	2017			Total arrears as at December 31 st
		Billed Revenue	Collected Revenue	Rs.		Estimated Revenue	Billed Revenue	Collected Revenue	
(i) Rates and taxes	8,398,900	8,849,065	7,735,275	5,946,338	6,832,725	9,076,249	7,984,217	4,787,515	
(ii) Rent	2,591,990	1,891,521	1,472,020	183,158	2,340,297	1,790,628	1,860,149	159,072	
(iii) License fee	1,160,250	1,469,208	1,454,908	-	1,155,300	1,422,234	1,422,234	-	
(iv) Other Revenue	9,536,000	8,275,405	11,880,508	8,043,012	8,939,900	8,348,354	3,019,897	11,541,330	

2.2.2 Rates and taxes

Audit Observation	Recommendation	Comment of the Accounting Officer
(a) The arrears of rates as at 31 December 2018 amounted to Rs.5,827,830 and it included a balance totaling Rs.3,888,144 recoverable from 1172 units brought forward for over a period of over 05 years.	Action should be taken to recover the outstanding revenues remaining for a longer period.	Hon. Governor has given his approval to write off over billings included in the outstanding balance. Accordingly accounts will be adjusted.
(b) The arrears of acreage taxes as at 31 December 2018 amounted to Rs. 74,020/- and it included a balance totaling Rs. 64,953/- recoverable from 73 units brought forward for over a period of over 05 years.	Action should be taken to recover the outstanding revenues.	We were unable to recover outstanding acreage taxes due to blocking out of lands and difficulty of finding original owners. Action will be taken to verify the same with the assistance of Bimsaviya Office.
(c) A sum totaling Rs. 639,943/- had to be recovered as at 31 December 2018, relevant to 05 water projects implemented by the Sabha.	Action should be taken to recover the outstanding revenues.	Part was recovered and action will be taken to recover or disconnect as we have obtained defaulters lists.

2.2.3 Rents

Audit Observation	Recommendation	Comment of the Accounting Officer
Even though the assessed rent should be amended once in 05 years' time, as per the section 05 of Local Government Commissioner's Circular No. 2009/01 dated 09 March, 2009, rent of 14 shops had not been amended so.	All the shop should have to been assessed once in 05 years period and the rent should be amended.	According to the request made to the Valuation Department to obtain assessment reports to amend the rent, new assessment report has been issued relating to 08 shops in Opanayake. Actions will be taken to get the value of others also.

2.2.4 License Fees

Audit Observation	Recommendation	Comment of the Accounting Officer
Trade Licenses had been issued to 64 food manufacturing institutions without obtaining recommendation of the Public Health Inspector.	Trade Licenses should be issued having obtained relevant recommendations formally.	We do not have sufficient number of Public Health Inspectors to accomplish the duties within 50 grama niladhari divisions. Therefore we have obtained the recommendations only for the business applications that need special attention. Action will be taken to obtain as many recommendations as possible.

2.2.5 Other Revenues

Audit Observation	Recommendation	Comment of the Accounting Officer
Even though a sum amounting to Rs. 300,000/- was estimated having levied vehicle parking charges after passing a by-law for that, the Sabha had failed to generate any revenue what so ever during the year under review.	Relevant steps should have been taken to collect the revenue due to the Sabha.	I tried. Few discussions were held with the members of the Three-wheel societies. Action will be taken to legalize after identifying parking places with the assistance of Road Development Authority and the Police.

2.2.6 Court Fines and Stamp Fees

Audit Observation	Recommendation	Comment of the Accounting Officer
Court fines revenue receivable from the Chief Secretary and other authorities of the Provincial Council as at 31 December 2018 was amounted to Rs. 3,083,425/- and Stamp Fees revenue receivable has not been identified by the Sabha.	Actions should be taken to identify and recover the receivable revenue to the Sabha.	Schedule have been prepared after sending officers to the Court Offices. Now we are receiving the revenue.

3. Operational Review

3.1 Performance

The matters revealed in respect of execution of activities that should be executed under Section 3 of the Pradeshiya Sabha Act such as regularize and control over the matters of public health, public utility services and public roads and the comfort, facilities and wellbeing of the people are given below.

(a) Action Plan

Audit Observation	Recommendation	Comment of the Accounting Officer
(i) Even though it is planned to do a survey and register the business premises within the last quarter of each year and to obtain recommendation of the Public Health Inspector, Actions had not been done so.	Actions should be taken as per the action plan.	Now works are done properly.
(ii) Even though an action plan had been prepared for the year under review, It was limited for revenue collection and office activities. Any proposal regarding development of the authoritative area and upgrade of welfare facilities to the public were not included to the annual action plan.	Action plan should be prepared and approved by way of covering all activities and branches of the sabha.	Current year's action plan had been prepared by way of being a causative agent for the welfare of the people in the area.

(b) Solid Waste Management

Audit Observation	Recommendation	Comment of the Accounting Officer
A formal waste management system had not been implemented.	Steps should be taken to implement the proposed waste management project.	We have submitted relevant project reports and estimates in order to obtain the assistance of "Pilisar Project" and the National Solid Waste Management Centre. I believe that we will be able to start a formal Waste Management Project in the near future.

(c) **Sustainable Development Goals**

Audit Observation

Recommendation

Comment of the Accounting Officer

Although the Sabha had aware in respect of the sustainable development goals, they have failed to prepare long term plans to upgrade the living standard and health of the people living in the authoritative area through the global indicators relating to that objectives, even by December, 2018.

Long term plans should be prepared and implemented.

We have included sustainable development goals when preparing annual action plan relevant to the year 2019.

3.2 Human Resource Development

Audit Observation

Recommendation

Comment of the Accounting Officer

Sabha had failed to recover the loan balances totaling Rs. 102,423/- relevant to 05 officers remain outstanding for over 05 years.

All necessary steps should have been taken to recover the outstanding loan balances.

In order to recover these monies, relevant institutions have been informed several times. Action will be taken to recover having informed again.

3.3 Management Inefficiencies

Audit Observation	Recommendation	Comment of the Accounting Officer
<p>Even though a new assessment valuation has been done in the year 2014 including developed village areas, charging of assessment taxes was suspended temporarily due to a public protest against the new valuation. Sabha had failed to recover the assessment taxes by supplying a sufficient service to the relevant areas if the public service supplied to the area was not sufficient.</p>	<p>When publishing a new assessment valuation it should be done according to the provisions of the Pradeshhiya Sabha Act.</p>	<p>Having considered the requests of the people in the area that the public services supplying to the areas published as developed are not sufficient, Sabha had decided to request from the Hon. Minister to write off that money and the Hon. Governor has approved it.</p>

3.4 Asset Management

3.4.1 Not registering of assets

Audit Observation	Recommendation	Comment of the Accounting Officer
<p>(a) Although the sabha had Non-current assets totaling Rs. 51,684,257/-, relevant asset registers had not been updated.</p>	<p>Fixed asset registers should be kept up to date.</p>	<p>Although a fixed asset register is being maintained, it does not contain relevant details regarding Furniture and Fixtures Account. Schedule are prepared and submitted for those accounts.</p>
<p>(b) Street Lamp Register had not been maintained formally and continuously.</p>	<p>Street Lamp Registers should be maintained up to date.</p>	<p>I kindly inform that I will make up to date the street lamp register.</p>

3.4.2 Idle / Under Utilized assets

Audit Observation	Recommendation	Comment of the Accounting Officer
The gully bowser of the Sabha which received in 2014, is being remained inoperative since the date of receiving due to lack of a place to dispose the gully waste.	Action should be taken to use the gully bowser effectively or provide it to a local government authority which can be utilized it.	Gully bowser is parked without using it due to lack of a place to dispose the gully waste formally. I believe this could be utilized as we have planned to construct the proposed compost fertilizer manufacturing project along with a sewer system.

3.4.3. Vehicle Utilization

Audit Observation	Recommendation	Comment of the Accounting Officer
(a) Action had not been done as per the provisions under financial regulation 104 in respect of the cab that met with an accident on 17 July 2017. Even though the cab had been repaired, relevant insurance compensation had not been received even by end of the year under review.	Action should be taken as per the financial regulations and insurance compensation should be recovered.	Greater quantity has been received. Action will be taken to settle the balance.

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| (b) | The insurance company had informed that they are unable to settle the damage in respect of the tractor met with an accident on 02 September, 2017 while engaging in garbage disposal as it was an accident occurred due to reversing without following security measures. Sabha had failed to recover the damages by taking actions as per financial regulation No. 104. | Action should be taken as per financial regulations. | There is very small amount to further settle. Action will be taken to settle. |
| (c) | Sabha had not been taken actions for the disposal of 02 Cabs and 03 Tractors remains inoperable for over 05 years. | Suitable actions should be taken regarding vehicles that are not in running order. | Action will be taken to auction the 02 cabs under the formal procedure having taken a valuation report from a recognized mechanical engineer and to take necessary actions regarding hand tractors having obtained the registration certificates. |

3.5 Procurement

3.5.1 Procurement Plan

Audit Observation	Recommendation	Comment of the Accounting Officer
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A procurement Plan had not been prepared in respect of the year under review.	Annual procurement plan should be prepared.	Action will be taken to prepare it.

3.5.2 Supplies and Services

Audit Observation	Recommendation	Comment of the Accounting Officer
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(a) Bids have been called from registered suppliers on 21 May 2018 to purchase 300 water meters for the water projects implemented by the sabha and without a formal evaluation from the technical evaluation committee, 100 water meters had been purchased by spending a sum of Rs. 340,000/- on 11 September,	Action should be taken as per the procurement guide lines when purchasing goods and services.	At the first instance, we purchased only 100 water meters due to the financial condition prevailed on those days.

2018.

- (b) Although it was not stated in the specification prepared before calling bids, that there should be a water filter also, it was decided to purchase those water meters as it include a water filter. Further, it was problematic whether the purchased water filters were suitable for the relevant project as a technical evaluation committee is not appointed to evaluate the number of water meters required for the project and the specifications required.
- Actions should be taken under the procurement guidelines when purchasing goods and services.
- Even though a suitable buyer was selected by following the procurement guideline, we did a physical inspection also to further verify the quality.

4. Accountability and Good governance

4.1 Budgetary Control

The Sabha had failed to use the annual budget as an instrument of financial control due to the following matters.

Audit Observation	Recommendation	Comment of the Accounting Officer
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(a) Total allocation amounting to Rs. 5,683,200/- relevant to 20 object codes have been saved.	Action should be taken to allocate provisions with the proper planning and those provisions should be utilized effectively.	We estimated expecting expenses, but money saved due to control of expenditure.
(b) Out of the provisions totalling Rs.13,947,232 made for 22 Objects, the savings had ranged from 54 percent to 99 percent.	Action should be taken to allocate provisions with the proper planning and those provisions should be utilized effectively.	We estimated expecting expenses, but money saved due to control of expenditure.

4.2 Audit and Management Committees

Audit Observation	Recommendation	Comment of the Accounting Officer
Action had not been taken to establish and implement the audit and management committees.	Audit and Management committees should be established and implemented.	Audit and Management Committee has been held relevant to the first quarter of 2019, as per the circular provisions.