

Walapane Pradeshiya Sabha
Nuwara Eliya District

1. Financial Statements

1.1 Presentation of The Financial Statements

The financial statements of the year 2019 had been presented to the audit on the 28th of February 2020 and the summary report of the Auditor General was sent to the chairman on 21st of May 2020 and the detailed management report sent on 19th of June 2020.

1.2 The Qualified Opinion

I am of opinion that, except the effect on the financial statements of the matters referred under the paragraph of the basis for a qualified opinion in this report, the financial statements had been prepared in accordance with generally accepted accounting principles and give a true and fair view of the state of affairs of the Walapane Pradeshiya Sabha as at 31st of December 2019 and financial results of its operations for the year then ended.

1.3 The basis for a qualified opinion

(A) Accounting deficiencies

Audit observation -----	Recommendation -----	Accounting Officer's Commentary -----
(i) The financial statements included 49 office equipment items worth Rs. 2,088,896 in the Machinery and Equipment Schedule and 12 items of machinery and equipment the worth Rs. 641,222 includes to Office Equipment Schedule.	Should be properly accounted.	No comments.
(ii) The value of the curtains purchased during the year under review was Rs.437,585 accounted under Capital.	Should be properly accounted.	No comments.
(iii) Although the bills for settlement of construction advances paid in the year under review had been submitted by 31 st of December 2019, due to non-accounting of such value as expenditure, the expenditure for the year under review had decreased by Rs. 1,675,275 and the outstanding advance balance had been increased by that amount.	Should be properly accounted.	No comments.

(iv)	The balance of Rs.101,272 as payable salary due in the financial statements as on 31 st of December 2019 was also shown in the general supply credit balance.	Should be properly accounted.	No comments.
(v)	The shop rent receivable for 31 st of December 2019 was Rs. 92,988 had been over state in accounts.	Should be properly accounted.	No comments.
(vi)	The toilet tax receivable for 31 st of December 2019 was Rs. 65,000 had been over state in accounts.	Should be properly accounted.	No comments.
(vii)	Earnings before 31 st of December of the year under review of Rs.135,087 had been over state in accounts.	Should be properly accounted.	No comments.

(B) Un-reconciled control accounts

Audit observation

Recommendation

Accounting Officer's
Commentary

The balance of the other receivables account stated in the financial statements was Rs. 5,685,247 but according to the scheduled the balance was Rs.5,765,249. So There was a difference of Rs.80,002.

Actions should be taken to identify the mistakes and correct.

No comments.

(C) Accounts Receivable and Accounts Payable

Audit observation

Recommendation

Accounting Officer's
Commentary

(a) The value of 03 account balances due as at 31st of December of the year under review was Rs. 19,203,072 out of which Rs. 2,286,515 had exceeded one year period.

Actions should be taken to recover the receivable balances.

No comments.

(b) The balance of two accounts payable as at 31st of December of the year under review was Rs. 19,234,108, out of which Rs. 7,623,695 had exceeded one year period. Actions should be taken to settle the payable balances. No comments.

(D) Lack of written evidence required for the audit

Audit observation	Recommendation	Accounting Officer's Commentary
Out of the tender deposit balance of Rs.1,531,848 mentioned in the financial statements, schedules were not submitted for a balance of Rs.1,131,848.	Schedules should be updated.	No comments.

1.4 Non-compliance

Non-compliance with laws, rules, regulations and management decisions

References to rules and regulations and management decisions	Non-compliance	Recommendation	Accounting Officer 's Commentary
(a) Pradeshiya Sabha Act No. 15 of 1987			
(i) Subsection no. 126(III)	The attention did not paid about the possibility of earning revenue and imposing other necessary provisions from the telephone transmission towers in the area of authority of the sabha by enacting bylaws.	Should be complied with the provisions of the Act.	No comments.
(ii) Subsection no 219	Walapane Public Market Room No. 62/2 was leased to a member of the Sabha.	Should act in accordance with the provisions of the Pradeshiya Sabha Act	No comments

- (b) Pradeshiya Sabha (Finance and Administration) Rules 218
- No survey of lands and buildings owned by the sabha had been carried out
- Should be survey with the provisions of the Act.
- No comments.

2. Financial Review

2.1 Financial Results

According to the financial statements presented, excess of revenue over recurrent expenditure of the Sabha for the year ended 31st of December 2019 amounted to Rs. 7,674,486 as compared with the corresponding excess of revenue over recurrent expenditure for the preceding year amounted to Rs. 2,776,520

2.2 Revenue Administration

2.2.1 Estimated Income, Billed Income, collected income and arrears Income

Details of Estimated Revenue, Billed Income, collected Revenue and Arrears of Revenue for the year under review and previous year are as follows.

Source of income	2019				2018			
	Estimated income	billed income	Income collected	Total arrears as of December 31 st	Estimated income	billed income	Income collected	Total arrears as of December 31 st
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Assessment and Taxes	2,653,000	2,655,527	1,745,002	1,964,781	2,004,754	2,024,849	1,423,662	1,688,108
Rent	7,411,000	7,891,932	5,790,812	5,315,732	5,896,410	4,949,690	4,424,978	3,487,067
License fee	3,857,000	3,630,163	3,630,163	-	3,615,000	3,487,058	3,487,058	-
Other Income	7,055,000	6,692,433	438,646	5,669,687	7,197,639	5,279,508	5,235,658	224,895
total	20,976,000	20,870,055	11,604,623	12,950,200	18,713,803	15,741,105	14,571,356	5,400,070

2.2.2 Performance of revenue collection

Audit observation

Although six tenants who had leased the shops owned by the sabha had defaulted on rent for a period of 12 months to 71 months, no adequate action had been taken to recover the arrears and the arrears as at 31st of December 2019 was Rs. 1,070,360.

Recommendation

Actions should be taken to recover the arrears revenue.

Accounting Officer's Commentary

No comments.

2.2.3 Court fines and stamp fees

Audit observation	Recommendation	Accounting Officer's Commentary
Court fines were Rs. 334,718 and land transfer stamp duty was Rs. 5,825,737 should be received.	Actions should be taken to recover the money.	No comments.

2.2.4 Surcharges

Audit observation	Recommendation	Accounting Officer's Commentary
An amount of Rs. 29,975 was to be recovered as at 31 st of December 2019, from the surcharges that I had surrendered the surcharges imposed in respect of those responsible in accordance with the provisions of the Pradeshiya Sabha act.	Action should be taken to recover the money.	I will look into the matter and recover.

3 Operational review

3.1 Performance

Followings are the observations on the perform the functions of Public Health, the regulation of matters of public utility services and the management of public roads, people in comfort, convenience and welfare of the Council to regulate and administer public health, public utility services and public roads under section 3 of the pradeshiya sabha act.

(A) Sustainable Development Goals

Audit observation	Recommendation	Accounting Officer's Commentary
While the Pradeshiya Sabha had not adequately aware about Sustainable development objectives and targets and the specific tasks in this regard had not done in the year under review.	Planning to achieve sustainable development objectives and targets.	No comments.

(B) Solid waste Management

Audit observation

Recommendation

Accounting Officer's
Commentary

An agreement worth Rs. 14,948,080 was entered into on 09th of January 2018 for the development of the Dambekele Waste Management Center and the relevant work had not been completed by 27th of August 2019.

Should comply with agreements.

No comments.

3.2 Management Inefficiencies

Audit observation

Recommendation

Accounting Officer's
Commentary

The shaba fund had lost Rs.78,750 income of the shop rent due to not implementation of new valuation for the 16 shops in the Walapane general market for the period of 01st of September 2019 to 31st of December 2019.

Actions should be taken to recover the assessed shop rent

No comments.

4 Accountability and good governance

Budgetary Control

Audit observation

Recommendation

Accounting
Officer's
Commentary

(a) Even though it had exceeded the estimated expenditure of 05 expenditure items there had not been approved supplementary budget for that exceeded expenditures according to the rule 14 of the pradeshiya sabha finance and administration rules.

When the estimated expenditure is exceeded, actions should be taken to approve the supplementary expenditure estimates in accordance with the financial and administrative rules of the Pradeshiya Sabha.

No comments.

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| (b) | The Pradeshiya Sabha had not made a statement explaining the changes that had taken place between the budgeted financial provisions and the actual revenue and expenditure under Rule 193 of the 1988 Pradeshiya Sabha. | Should comply with financial and administrative rules. | No comments. |
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