

Wanathawilluwa pradeshiya sabha – 2022

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Wanathawilluwa pradeshiya sabha including the financial statements for the year ended 31 December 2022 comprising the statement of financial position as at 31 December 2022, Statement of Finance Operation, Statement of Net Assets Changes, Cash Flow Statement and significant accounting policies and other explanatory information was carried out, for the year then ended, under my direction in pursuance of provisions in Article 154 (1) of the constitution of the Democratic Socialist Republic of Sri Lanka and with the provisions of the National Audit Act No. 19 of 2018 read in conjunction with the sub section 172(1) of Pradeshiya Sabha Act No. 15 of 1987. My comments and observations which I consider should be report to parliament appear in this report.

In my opinion, except for the effects of the matters described in paragraph 1.6 of this report, the financial statements give a true and fair view of the financial position of the Wanathawilluwa pradeshiya sabha as at 31 December 2022, and of its financial performance for the year then ended in accordance with generally accepted accounting practices.

1.2. Basis for Qualified Opinion

I expressed qualified opinion regarding financial statement on the matters described in paragraph 1.6 of this report.

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

1.3 Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in generally accepted accounting practices, and for such internal control as management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Those charged with governance are responsible for overseeing the pradeshiya sabha financial reporting process.

As per Section 16(1) of the National Audit Act No. 19 of 2018, the pradeshiya sabha is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable annual and periodic financial statements.

1.4 Audit Scope (Responsibility of the Auditor for the audit of Financial Statements)

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material

if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercised professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of its internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

The scope of the audit also extended to examine as far as possible and as far as necessary the following,

- Whether the organization, systems, procedures, books, records and other documents have been properly and adequately designed from the point of view of the presentation of information to enable a continuous evaluation of the activities of the pradeshiya sabha, and whether such systems, procedures, books, records and other documents are in effective operation,
- Whether the pradeshiya sabha has complied with applicable written law, or other general or special directions issued by the governing body of the pradeshiya sabha
- Whether it has performed according to its powers, functions and duties, and
- Whether the resources had been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws.

1.5 Report on Other Legal Requirements

National Audit Act, No. 19 of 2018 include specific provisions for following requirements.

- (a) The financial statements of the pradeshiya sabha presented is consistent with the preceding year as per the requirement of section 6 (1) (d) (iii) of the National Audit Act, No. 19 of 2018.

- (b) The financial statements presented includes all the recommendations made by me in the previous year of this report as per the requirement of section 6 (1) (d) (iv) of the National Audit Act, No. 19 of 2018.

1.6 Audit observation on the preparation of Financial Statements

1.6.1 Accounting Deficiencies

Audit Observation	Comments of the Council	Recommendation
(a) The value of Rs.3,000,000 the ambulance given by the Director of the District Health Services Kurunegala in last year had not been stated in the financial statements.	That a valuation report of Rs.30 lakhs is given and accordingly recorded as an asset.	Corrections should be made through journal entries.

1.6.2 Documentary Evidences not made available for Audit

Audit Observation	Comments of the Council	Recommendation
As on 31 st December of the year under review the land worth Rs.173,542,915 could not be satisfactorily inspected due to it had not been presented the survey reports.	That the relevant surveys will be conducted in the future.	Land and building survey should be done.

2. Financial Review

2.1 Financial Result

According to the Financial Statements presented, excess of revenue over recurrent expenditure of the Sabha for the year ended 31 December 2022 amounted to Rs.7,232,699 as compared with the excess of expenditure over recurrent revenue amounted to Rs.3,141,870 in the preceding year.

2.2 Revenue Administration

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

According to the information presented by the Chairman the Estimated Revenue, Revenue Billed, Revenue Collected and Arrears of Revenue relevant to the year under review and the preceding year are shown below.

Revenue sours	2022				2021			
	Estimated revenue	Billed revenue	Collected revenue	Total arrears as at 31 st December	Estimated revenue	Billed revenue	Collected revenue	Total arrears as at 31 st December
	(Rs)	(Rs)	(Rs)	(Rs)	(Rs)	(Rs)	(Rs)	(Rs)
	000'	000'	000'	000'	000'	000'	000'	000'
Rates income	2,712	2,389	415	3,303	2,668	2,270	559	2,451
Rent income	60,254	40,586	18,061	7,601	7,944	38,126	36,554	2,170
License Fees	417	603	435	370	392	251	122	201
Other Revenue	<u>29,253</u>	<u>31,399</u>	<u>29,946</u>	<u>2,439</u>	<u>8,848</u>	<u>6,377</u>	<u>2,524</u>	<u>4,849</u>
Total	<u>92,636</u>	<u>74,977</u>	<u>48,857</u>	<u>13,713</u>	<u>19,852</u>	<u>47,024</u>	<u>39,759</u>	<u>9,671</u>

2.2.2 Performance in Revenue Collection

Audit Observation	Comments of the council	Recommendation
(a) As at 31 st of December of the year under review outstanding balance of assessment tax is Rs.776,330, outstanding acreage tax is Rs.203,040 outstanding water charges is Rs.1,970,622 and outstanding rent is Rs.7,690,620 related to three business points had not been collected.	That will be collected if future.	Action should be taken to collect the arrears.
(b) The council had not been taken any action to identify the land from which acreage tax can be collected by conducting a survey of the area once in 05 years.	This work will be done in the future.	Action should be taken to identify the land for which acre tax can be collected.
(c) In the year under review, an amount of Rs.811,900 remained outstanding due to a survey for trade licenses and business taxes had not conducted and the related fees had not been collected.	The related fees will be collected after conduct the surveys and the arrears will be cut off in the future.	A survey should be conducted and action should be taken to recover the revenue immediately.

3. Operational Review

3.1 Idle or underutilized Property, Plant and Equipment

Audit Observation	Comments of the council	Recommendation
(a) A computer worth Rs.75,000 remained idle at the Mylankulama Ayurveda Centre.	That will be taken to council.	The computer should be used.
(b) The bodybuilding equipment stock of Rs.2,811,200 which was purchased In the years 2014 and 2016 and the 02 centers where the bodybuilding equipment was installed remained idle without using.	Wanathawilluva bodybuilding Center is currently being used and the Karaithiu bodybuilding Center will be leased.	The stock of bodybuilding equipment and the 02 centers where the bodybuilding equipment is installed should be used for income generation activities immediately.
(c) An amount of Rs.2,852,687 had been spent to implement a water project for Wanathawilluwa New Eluwankulama village and this project remained idle due to not install the water pump.	That it was not possible to do this because the provinces specific funds did not allocated and our institution did not have sufficient financial status in the council fund.	Action should be taken to implement the water project immediately.

3.2 Management Inefficiencies

Audit Observation	Comments of the Council	Recommendation
(a) The balance value of the account that should have been received to the council on 31 st December 2022 was Rs.18,810,263, and in that there was a balance of Rs.1,513,137 which exceeded 03 years.	That will be collected in future.	The receivable money should be collected immediately.
(b) The balance value of the account that should have been paid on 31 st December 2022 was Rs.10,051,794 and in that there was a balance of Rs.1,921,003 which exceeded 03 years.	That will be settled in future.	The payable money should be collected immediately.

3.3 Assets Management

Audit Observation	Comments of the Council	Recommendation
There were 50 unclaimed properties within the council area and action had not been taken to acquire the relevant assets.	That it will be done immediately in the future.	Actions should be taken to take over the relevant property immediately.

3.4 Vehicle Utilization

Audit Observation	Comments of the Council	Recommendation
(a) The tractor which had been proposed to be disposed of from the special survey in 2020 and that was not being disposed of and was perished.	That the Commissioner of Local Government has been informed.	Special survey report recommendations should be followed.
(b) The Regional Secretary of Wanathawilluwa had given a tractor and a bowser to the council for a period of 03 months in 2011 and the tractor and the bowser were parked in the council premises without any return formally and were perishing.	That the Regional Secretary has been informed to take over formally again.	The tractor and bowser should be returned formally.

4. Accountability and Good Governance

4.1 Annual Action Plan

Audit Observation

Whether the provision of Rs.32,160,000 had been made for 21 tasks during the year under review, but the tasks had been abandoned without achieving the desired results at 31st December of the year under review.

Comments of the Council

That due to the relevant expenditure was not necessary and due to the bad situation in the country the relevant provision was left.

Recommendation

Action should be taken to complete the budgeted works by utilizing the provisions made.

4.2 Internal Audit

Audit Observation

During the year under review adequate internal audit had not been conducted regarding the financial and operational activities of the council.

Comments of the Council

That the necessary action will be made in the future.

Recommendation

The audit should be planned and conducted to cover the important areas.

4.3 Sustainable Developments goals

Audit Observation

According to the Sustainable Development Agenda 2030 of United Nations, the sustainable development goals and targets were not identified and adhered to in the year under review.

Comments of the Council

That will be corrected in future.

Recommendation

Action should be taken to reach the goals and targets according to the sustainable development agenda.