

Wilgamuwa Pradeshiya Sabha - 2024

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Wilgamuwa Pradeshiya Sabha for the year ended 31 December 2024 comprising with the Balance Sheet as at 31 December 2024 and Income and Expenditure Account, for the year then ended and notes to the financial statements including material accounting policy information was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with sub-section 172(1) of the Pradeshiya Sabha Act No. 15 of 1987 and sub-section 10 (1) of National Audit Act No. 19 of 2018. 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 the Paragraph 1.6 of this report, the accompanying financial statements give a true and fair view of the financial position of the Wilgamuwa Pradeshiya Sabha as at 31 December 2024, and of its financial performance for the year then ended in accordance with Generally Accepted Accounting Practices.

1.2 Basis for Qualified Opinion

Based on the matters described in Paragraph 1.6 of this report, I express a qualified opinion on the financial statements

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 this 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 accordance with 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's financial reporting process.

As per Sub-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 to be prepared.

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 exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Designed and performed the appropriate audit procedures, identified and assessed the risks of material misstatement in financial statements whether due to fraud or errors in providing a basis for the expressed audit 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.
- Obtained 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 the internal control.
- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Evaluated 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 the Pradeshiya Sabha has performed according to its powers, functions and duties; and
- Whether the resources of the Pradeshiya Sabha 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 includes 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 except the audit matters of 1.6.1(a) 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 Observations on the preparation of Financial Statements

1.6.1 Accounting Deficiencies

Audit Observation	Comments of the Sabha	Recommendation
(a) As of January 01, of the year under review, industrial debtors of Rs. 1,817,316 were incorrectly shown as a credit balance in current assets, industrial deposits of Rs. 67,596 and industrial creditors of Rs. 2,743,340 were incorrectly shown as a debit balance in current liabilities.	The correction will be made when preparing the final account for 2025.	Accounts should be prepared correctly.
(b) Rs. 1,415,000 spent on construction and repairs during the year under review had not been capitalized.	-Do-	-Do-

1.6.2 Unreconciled Control Accounts or Records

Audit Observation	Comments of the Sabha	Recommendation
(a) There was a difference of Rs. 13,366,346 in comparing the balances of 16 accounts shown in the financial statements prepared as at 31 December of the year under review with the balances in the relevant schedules.	It will be examined and corrected it in the future.	Account balances should be reconciled with the relevant schedules
(b) The balance of the Fixed Assets Account was Rs. 312,570,272 and the Contribution to Capital Application from Income/Grants Account was Rs. 317,075,392, resulting in a difference of Rs. 4,505,120.	-Do-	-Do-

1.6.3 Suspense Account

Audit Observation	Comments of the Sabha	Recommendation
Action had not been taken to identify the errors and resolve the suspense account balance of Rs. 1,501,544, which had been brought forward for a long time.	It will be examined and corrected it in the future.	The balance should be identified and settled.

1.6.4 Documentary Evidences not made available for Audit

Audit Observation	Comments of the Sabha	Recommendation
The total assets of Rs. 8,909,246 shown in the financial statements of the year under review could not be satisfactorily examined during the audit due to non-submission of fixed asset documents and schedules relating to 04 asset subjects.	In the future, action will be taken to examine these balances and prepare schedules and records.	Documents, schedules and files related to account balances should be submitted.

1.7 Non- Compliances

Non-compliance with Laws, Rules and Regulations

Non-compliance with Laws, Rules and Regulations are as follows.

Reference to Laws, Rules Regulations	Non Compliance	Comments of the Sabha	Recommendation
(a) Pradeshiya Sabha Act No. 15 of 1987 Section 24	271 roads owned by the Pradeshiya Sabha had not been gazetted.	Action will be taken to survey and gazette the roads.	The roads should be published in the Gazette in accordance with the provisions of the Act.
(b) Financial Regulations of the Democratic Socialist Republic of Sri Lanka			
(i) F.R. 104 (4)	Although investigations have been conducted regarding the misplacement of 21 wire rolls and 40 bulbs worth Rs. 126,700 belonging to the Sabha's street lamps,	The F.R. 104 (4) investigation has been conducted and forwarded to the Ministry.	Inspection reports should be obtained and recommendation should be implemented.

no steps have been taken to recover the relevant money from those responsible.

- (ii) F.R. 571 (3) Action had not been taken to settle 19 overdue deposits amounting to Rs. 994,472 relating to the period from 2021 to 2024. Action will be taken to settle the deposit in the future. Overdue deposits should be settled.

(c) **Public Administration Circulars**

Circular No. 09/2009 dated 16th April 2009 A fingerprint machine was not used to record arrivals and departures. An attendance and departure register is maintained under the supervision of the head of the institution. The fingerprint machine should be used.

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 amounted to Rs. 5,525,757 as compared with the excess of revenue over recurrent expenditure amounted to Rs. 5,793,508 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 Secretary of the Sabha relating to Estimated Revenue, Revenue Billed, Revenue Collected and Arrears of Revenue relevant to the year under review and the preceding year are shown below.

		2024				2023			
Source of Revenue		Estimated Revenue Rs.	Revenue billed Rs.	Revenue Collected Rs.	Arrears as at 31 December Rs.	Estimated Revenue Rs.	Revenue billed Rs.	Revenue Collected Rs.	Arrears as at 31 December Rs..
(I) Rates and Taxes		2,289,073	2,799,175	2,400,556	1,288,144	2,485,000	2,306,981	2,205,682	889,525
(II) Rent		4,810,600	5,081,811	5,394,687	3,930,206	5,995,600	4,314,420	3,936,157	4,243,082
(III) License Fees		1,100,000	1,212,402	1,212,402	-	1,120,000	1,063,989	1,063,989	-
(IV) Water & Other revenue		9,314,000	9,468,765	8,851,767	9,456,734	10,111,000	9,451,667	12,939,441	8,839,736
Total		<u>17,513,673</u>	<u>18,562,153</u>	<u>17,859,412</u>	<u>14,675,084</u>	<u>19,711,600</u>	<u>17,137,057</u>	<u>20,145,269</u>	<u>13,972,343</u>

2.2.2 Performance in Revenue Collection

Audit Observation	Comments of the Sabha	Recommendation
Rent		
No actions had been taken to collect stall rent and meat stall rent of Rs. 944,869 from 11 public market stalls and 04 temporary stalls owned by the Sabha during the period 2009 - 2012.	Requests have been submitted to write off outstanding stall rents.	The arrears of rent should be collected.

3. Operational Review

3.1 Fulfilment of functions assigned by the Act

Matters revealed with regard to fulfilling regulation and control and administration of public health, public utility services and public roads, generally with the protection and promotion of the comfort, convenience and welfare of the people and amenities by the Council under Section 3 of the Pradeshiya Sabha Act are shown below.

Public Health

Audit Observation	Comments of the Sabha	Recommendation
Drinking water was provided without treatment to 739 water consumers in 02 water projects owned by the Pradeshiya Sabha.	The purification process is carried out through a sand filter system, which is a basic stage of water purification.	Drinking water should be distributed to consumers in a hygienic manner.

3.2 Management inefficiencies

Audit Observation	Comments of the Sabha	Recommendation
(a) The arrears Sathipola fees as of the end of the year under review were Rs. 3,849,296, therein, Rs. 3,826,816 were arrears fees relating to previous years.	It will be investigated and taken action regarding the weekly fair fees.	Arrears fees should be recovered.
(b) As of the end of the year under review, arrears of water charges of Rs. 97,280 had not been collected from 18 government institutions.	Action will be taken to recover the arrears.	-Do-

3.3 Idle or underutilized Property, Plant and Equipment

Audit Observation	Comments of the Sabha	Recommendation
04 vehicles worth a total of Rs. 1,660,000 had been, idle or underutilized for over 03 years without being used.	Action will be taken to dispose of and auction off vehicles.	Usable vehicles should be put to use and unusable vehicles should be disposed of.

3.4 Assets Management

Audit Observation	Comments of the Sabha	Recommendation
Action had not been taken to acquire the ownership of 54 lands used by the Sabha	Action will be taken to acquire.	The ownership of the assets owned by the Sabha should be taken over.

3.5 Human Resources Management

Audit Observation	Comments of the Sabha	Recommendation
(a) When comparing the approved staff of the Sabha with the actual staff, there were 19 vacancies in 10 posts.	Action will be taken to fill the vacancies.	Vacancies should be filled.
(b) As of the end of the year under review, a debt balance of Rs. 421,412 due from 07 transferred, deceased and retired officers had not been recovered.	Action will be taken to recover employee debts.	Employee loans should be collected.

4. Accountability and Good Governance Sustainable Development Goals

Audit Observation	Comments of the Sabha	Recommendation
Although the Pradeshiya Sabha had identified sustainable development goals in accordance with the provisions of the Sustainable Development Act No. 19 of 2017, they had not been implemented.	The Sustainable Development Plan for the year 2025 has been prepared and funds have been allocated.	Sustainable development goals should be identified and targets should be achieved.