

## **Yatawaththe Pradeshiya Sabha - 2024**

---

### **1. Financial Statements**

#### **1.1 Opinion**

The audit of the financial statements of the Yatawaththe 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, the financial statements give a true and fair view of the financial position of the Yatawatta 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 Un Qualified Opinion**

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 Un 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 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 as per the requirement of section 6 (1) (d) (iv) of the National Audit Act, No. 19 of 2018.

## 1.6 Non- Compliances

### Non-compliance with Laws, Rules, and Regulations

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

Reference to Laws, Rules and Regulations	Non-compliance	Comments of the Sabha	Recommendation
<b>Parliament Acts</b>			
The By-Laws passed by the Central Provincial Council published in the Extraordinary Gazette Notification No. 2017/42 dated 05 May 2017			
Section 4(i) of the By-law on Parking of Three-Wheelers	Although the Council should have decided on the places where three-wheelers can be parked within the Sabha area and the number of three-wheelers that can be parked at those places and published them in a gazette, it had not been acted upon.	It is scheduled to be published in a gazette in the future.	Relevant announcements regarding the parking of three-wheelers should be published in the Gazette.

## 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 2024 amounted to Rs. 13,761,667 as compared with the excess of revenue over recurrent expenditure amounted to Rs. 18,846,436 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.

Source of Revenue	2024				2023			
	Estimated Revenue	Revenue billed	Revenue Collected	Arrears as at 31 December	Estimated Revenue	Revenue billed	Revenue Collected	Arrears as at 31 December
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
(i) Rates and Taxes	1,112,100	849,612	849,612	-	1,158,180	1,099,930	1,099,930	-
(ii) Rent	3,558,830	3,736,293	3,392,460	391,965	1,345,777	1,148,251	1,131,119	48,132
(iii) License Fees	921,911	918,031	918,031	-	923,748	936,468	936,468	-
(iv) Other revenue	25,104,168	26,441,137	14,553,456	31,447,939	24,755,928	23,278,325	24,596,050	19,560,258
	-----	-----	-----	-----	-----	-----	-----	-----
Total	30,697,009	31,945,073	19,713,559	31,839,904	28,183,633	26,462,974	27,763,567	19,608,390
	=====	=====	=====	=====	=====	=====	=====	=====

### 2.2.2 Performance in Revenue Collection

Observations related to performance in Revenue Collection of the Council are given below.

Audit Observation	Comments of the Sabha	Recommendation
<b>Court fines and Stamp duty</b>		
The court fines and stamp duty due from the Chief Secretary of the Provincial Council and other authorities as at the end of the year under review amounted to Rs.1,157,175 and Rs.29,240,863 respectively. Out of this, Rs. 907,331 had not been recovered in respect of the years 2015 and 2016.	This amount has not been collected yet.	The arrears of revenue should be recovered.

## 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 Sabha under Section 3 of the Pradeshiya Sabha Act are shown below

Audit Observation	Comments of the Sabha	Recommendation
The Sabha had invested Rs.79,898,902 in 05 fixed deposits and a savings account without paying attention to establishing public facilities such as a crematorium, a public toilet, an Ayurvedic centre, a weekly market and a public market.	a large cost needs to be incurred to build the crematorium, and action will be taken in the future to build a public toilet.	Public services should be performed.

### 3.2 Management inefficiencies

Audit Observation	Comments of the Sabha	Recommendation
(a) Drinking water was distributed to consumers without testing the quality of the water in 05 water schemes belonging to the Sabha.	The necessary steps are being taken to obtain the test report from the Office of the Medical Officer of Health(MOH)	Water samples should be tested, the water should be purified, and clean drinking water should be distributed.
(b) The total of 03 accounts receivable balances as at the end of the year under review was Rs. 636,132. Therein, the total of Rs.134,760 was between 1 and 5 years and Rs.137,730 was more than 5 years.	Steps will be taken to recover the receivable balance in the future.	Accounts receivable balances should be recovered.
(c) Although 10 years have passed, Rs.106,730, has been due from the Ministry of Provincial Councils and Local Government since 2014, it had not been settled by the end of the year under review.	The F.R. 104 (3) investigation will be conducted.	-Do-

### 3.3 Idle or underutilized Property, Plant and Equipment

Audit Observation	Comments of the Sabha	Recommendation
Three assets subject worth Rs.566,600 belonging to the Sabha were idle or underutilized for a period of 2 to 12 years.	The necessary steps are being taken to dispose of.	It should be repaired and used or disposed of.

### 3.4 Asset Management

Audit Observation	Comments of the Sabha	Recommendation
Action had not been taken to acquire 10 lands and 02 buildings worth Rs. 3,042,786 used by the Sabha.	The necessary requests have been made to acquire the relevant assets.	The ownership of property belonging to the Sabha should be taken over.