

**Walapane Pradeshiya Sabha**  
**Nuwara Eliya District**  
-----

1. Financial Statements  
-----

1.1 Presentation of The Financial Statements  
-----

The financial statements of the year 2018 had been presented to the audit on the 29 of March 2019 and the summary report of the Auditor General was sent to the chairman on 19 May 2019 and the detailed management report sent on 29 May 2019.

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 Sabhaas at 31 December 2018 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)	Even in the year under review, value of the total capital cost is amounting to Rs .25,007,161 .it had been presented as Rs. 21,730,101 in the financial statements of	Must be accounted accurately for.	Action will be taken to correct the 2019 accounting process.
(ii)	Machinery equipment, furniture and fittings and office equipment worth of Rs.2,386,246 that had purchased during the year under review had been accounted under supplies and equipment's.	Must be accounted accurately for.	Action will be taken to correct the 2019 accounting process.
(iii)	An amount of Rs.49, 256 of the acre tax income for the year under review was not credited to the revenue expenditure account .	Must be accounted accurately for.	Action will be taken to correct the 2019 accounting process.

- |       |   |                         |           |  |
|-------|---|-------------------------|-----------|--|
| (iv)  | A payable amount of Rs. 149,890 that should be paid for 06 construction projects completed in 2015, had been stated as receivable in the financial statements for the year under review.  | Must be accurately for. | accounted | Action will be taken to correct the 2019 accounting process. |
| (v)   | It had been debited to the accumulated fund account behalf of debited to the account of contribution from the income for capital inputs, when correcting the error of accounted the 190 compost bin worth of Rs.537,877 under the office equipment's in the year 2016.  | Must be accurately for. | accounted | Action will be taken to correct the 2019 accounting process. |
| (vi)  | Although it should to be debited to the account of accumulated surplus when removing the value of Rs, 1,814,164 from the accounts which had removed from the stores in previous years, it had been debited to the account of income contribution to the capital inputs. | Must be accurately for. | accounted | Action will be taken to correct the 2019 accounting process. |
| (vii) | A receivable capital aid amount of Rs. 290,000 that had received for two construction industries completed in the year 2017 had been accounted by a joiner entry 39 as Rs.580,000.  | Must be accurately for. | accounted |  |

(B) Lack of written evidence required for the audit

-----

Failure to submit information to the Audit

-----

Audit observation

-----  
Four deposit balances valued at Rs. 1,428,83 could not be satisfactorily vouched in audit due to failure to submit relevant updated deposit register.

Recommendation

-----  
It should be presented the evidence for confirmed the amounts in financial statements.

Accounting Officer's  
Commentary

-----  
Documents will be updated after 2013 and I will look into the balance before 2013 and will be corrected.

(c) Accounts Receivable and Accounts Payable  
-----\

(i) Accounts Receivable  
-----

Audit observation

Recommendation

Accounting Officer's  
Commentary  
-----

-----  
The total balance of accounts receivable for a period of one year at the end of the year under review was amounting to Rs.1, 688,058.

-----  
Action should be taken to recover the balance due and to find out if there are any false balances and do settlements.

I will take action to recover that money and settle it before 31.12.2019.

(ii) Accounts Payable  
-----

Audit observation

Recommendation

Accounting Officer's  
Commentary  
-----

-----  
The total outstanding balance of the account elapsed a period of one year as at the end of the year under review was amounting to Rs. 7,518,946 .

-----  
Action should be taken to settle the outstanding balances .

Actions will take as to corrections in the year 2019 and a way of receive the balance to the industry.

1.4 Non-compliance  
-----

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

References

Non-compliance

Recommendation

Accounting Officer 's  
Commentary  
-----

To rules and regulations and management decisions  
-----

(a) Pradeshiya Sabha Act  
Subsection 126 ( III )

The attention did not paid about the possibility of earning revenue and imposing other necessary provisions from the telephone

Must be complied with the provisions of the Act.

Action will take to collect revenue during the year 2019.

transmission towers in the area of authority of the sabha by enacting bylaws.

- |     |  |   |   |  |
|-----|--|---|---|--|
| (b) | Section 4 of Chapter XXIV of the Establishments Code                   | The credit balance should to be received from 12 officers / employees who had Deserters and working, retirement, and dead was amounting to Rs. 134,595 as at 31. 12.2018. | The loans should be recovered according to the provisions of the Establishments Code. . | I will take action to recover this in future.                            |
| (c) | The public administration circular No.30/2016 date on 29 December 2016 | Fuel combustion test was not carried out in accordance with the circular instructions of 08 vehicles owned by the Sabah.  | Fuel combustion test should be carried out on the advice of the circular.               | A fuel combustion test will do immediately.                              |
| (d) | Circular 1988/22 of Local Government Commissioner dated 17 May 1988    | The assessment property of the council area had not been assessed after 2011.   | The assessment tax should be valued as the provisions of the circular                   | While it had informed the department of valuation and will notify again. |

2. Financial Review

-----

2.1 Financial Results

-----

According to the revised financial statements presented, excess of revenue over recurrent expenditure of the Sabha for the year ended 31 December 2018 amounted to Rs. 2,776,520as compared with the corresponding excess of revenue over recurrent expenditure for the preceding year amounted to Rs.6,962,980.

## 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 ended 31 December 2018 of the Sabah which were established on 20 March 2018 are as follows.

Source of income	2018				2017			
	Estimated income	billed income	Income collected	Total arrears as of December 31st	Estimated income	billed income	Income collected	Total arrears as of December 31st
	Rs .	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Assessment and Taxes	2,004,754	2,024,849	1,423,662	1,688,108	2,312,974	2,449,170	1,851,807	1,517,888
Rent	5,896,410	4,949,690	4,424,978	3,487,067	6,128,000	4,617,855	3,976,260	3,142,146
License fee	3,615,000	3,487,058	3,487,058	-	3,404,000	3,588,348	3,588,348	-
Other Income	7,197,639	5,279,508	5,235,658	224,895	6,491,000	7,306,295	4,659,530	3,549,712
<b>total</b>	<b>18,713,803</b>	<b>15,741,105</b>	<b>14,571,356</b>	<b>5,400,070</b>	<b>18,335,974</b>	<b>17,961,668</b>	<b>14,075,945</b>	<b>8,209,746</b>

### 2.2.2 Performance of revenue collection

#### Rentals

##### Audit observation

Five taxpayers who had leased the shops of the council had defaulted on lease payments for a period of 12 months to 71 months and the arrears as at 31 December 2018 was amounting to Rs.691, 060.

##### Recommendation

Action should be taken in accordance with the provisions of the Pradeshiya Sabah act and the arrears should be recovered.

##### Accounting Officer's Commentary

The council did not have title deeds to take over the stalls and the lack of a revenue inspector in 2018 also contributed to the weakening of revenue collection. However, I am working to recover the arrears and report to the audit.

### 2.2.3 Court fines and stamp fees

Audit observation	Recommendation	Accounting Officer's Commentary
A receivable amount of Rs. 226,117 court fines and an amount Rs. 3,529,900 stamp duty as at 31 December of the year under review had not been collected.	Action should be taken to recover the money	Action will be taken to recover

### 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 December 2018, 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

Following 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) Solid waste Management

Audit observation	Recommendation	Accounting Officer's Commentary
A formal waste management program had not been implemented at the Waste Management Center at Dambakele.	Waste should be managed appropriately after collecting them by classification.	While the compost yard is developing under the program of "pilisaru" and the actions will take to solve this matter within the year 2019.

(B) 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.	I will pay special attention to this matter.

3.2 Management Inefficiencies

Audit observation	Recommendation	Accounting Officer's Commentary
(a) Even though a new tax assessment had been presented as enforcing from 01.01.2017 by the Department of Assessment for the 16 stalls in the public market of Walapane a revenue amount of Rs.572, 400 had been losses to the sabha hence that the sabha had made a decision for enact the new assessment since 01.01.2019.	Rent should be collected according the new assessment.	That the decision of enact on new assessment since 01.01.2019 had made because the billing had done when the receiving the assessment report and the difficulty to entering to agreements with lessees. Accordingly it had informed to the department of valuation as the doing necessary amendments to implement the new assessment from 01.01.2019.
(b) Even though it had paid an amount of Rs. 25,545 as a penalty for non-obtaining the revenue license for a cab of the sabha for the period of 11 years from 07 February of 2007 to 23 December 2018, it had been parked in the sabha premises without utilizing.	Action should be taken to use the relevant cab.	These vehicles are in a running condition and I have received revenue licenses after paying a fine hence that they notified the registration will be cancelled of the vehicles that no obtaining the revenue license for more than 05 years.

### 3.4 Operational Inefficiencies

-----

Audit observation

-----

Recommendation

-----

Accounting Officer's  
Commentary

-----

During the year under review Rs. 2,115,000 was allocated for 16 development projects but they were not fulfilled.

Projects should be implemented without delay.

The projects was not able to be implemented due to lack of time here was no contractor, and due to various reasons.

### 4 Accountability and good governance

-----

#### 4.1 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.

A supplementary budget when should be approved exceeding the estimated expenditures according to the pradeshiya sabha finance and administration rules.

That It had paid by turning from vote ledger without approving a supplementary budget.

(b) Although it should be prepared and presented a statement of matter describing for the variances among actual revenue and expenditures and estimated finance allocations according to the rule 193 of pradeshiya Sabha finance and administration rules of 1988,that statement had not been presented for describe the variances of the year under review.

Present a statement of matter describing about the variances according to relevant rules.

Action will be taken in the end of the year 2019 by paying attention in this regard.