

**Wariyapola Pradeshiya Sabha
Kurunegala District**

1. Financial Statements

1.1 Presentation of Financial Statements

The financial statements for the year 2018 had been presented to audit on 27 March 2019 and the Summary Report of the Auditor General on the financial statements on 31 May 2019 and the Detailed Management Audit Report on 10 June 2019 had been furnished to the Chairman.

1.2 Qualified Opinion

In my opinion except for the impact of the facts described in the section of the basis for the qualified opinion of this report the financial statements give a true and fair view of the financial position of the Wariyapola Pradeshiya Sabha as at 31 December 2018 and its financial performance for the year then ended in accordance with Generally Accepted Accounting Principles.

1.3 Basis for Qualified Opinion

Audit Observation	Recommendation	Comments of the Accounting Officer
<p>(a) The Galkandehena Watta belonging to the Sabha valued at Rs.70, 000 had not been stated under fixed assets.</p>	<p>It should be taken in to accounts under fixed assets.</p>	<p>Necessary actions will be taken to check and to be accounted for.</p>
<p>(b) The equipment received as donations to the Sabha on 28 December 2018 valued at Rs.558,246 and the furniture equipment purchased for the Gaththiriyawa Clinic Centre amounted to Rs. 64,500 had not been taken in to accounts.</p>	<p>Donations and purchases should be properly accounted for.</p>	<p>Actions will be taken to include these information into account whilst preparation of the year 2019 accounts.</p>
<p>(c) There was an incompatibility in between the balances as per the balances in the Register of Fixed Assets and the balance stated in the</p>	<p>Arrangements should be made to correct the accounts reconciling the differences in the relevant balances.</p>	<p>Actions will be taken to correct this difference whilst preparation of the year 2019 accounts.</p>

financial statement at the end of the year under review .

1.4 Non- compliance

Non - compliance with Laws, Rules and Regulations

Reference to Laws, Rules and Regulations	Non – compliance	Recommendation	Comments of the Accounting Officer
Public Administration Circular No. 30/2016 of 29 December 2016	The qualified mechanical engineering records had not been obtained with regard to meet the fairness of the prices of the garages for the repairs carried out by incurring a sum of Rs.446,560 in 03 vehicles.	Actions should be taken in accordance with the Circular.	This has been caused by a mistake and the unawareness of the new officers. It has been ensured that such conditions will not occur in future.

2. Financial Review

2.1 Financial Results

According to the financial statements presented, the revenue over recurrent expenditure of the Sabha for the year ended 31 December 2018 was Rs.75,100,312 as compared to the corresponding revenue over recurrent expenditure for the preceding year was Rs.75,388,022 .

2.2 Revenue Administration

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

Details on the estimated revenue, billed revenue, collected revenue and arrears of revenue presented relating to the year under review and the preceding years are as follows.

Source of Revenue	Year 2018				Year 2017 වර්ෂය			
	Estimated Revenue	Billed Revenue	Collected Revenue	Total Arrears as at 31 December	Estimated Revenue	Billed Revenue	Collected Revenue	Total Arrears as at 31 December
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
I. Rates and Taxes	5,546	6,556	5,957	599	5,169	6,619	6,065	555
II. Rent	10,360	11,050	11,028	21	9,889	10,605	10,603	2
III. License Fees	1,247	1,109	1,109	-	772	1,189	1,189	-
IV. Other Revenue	33,485	39,362	38,607	755	168,084	214,641	177,085	36,750
Total	50,638	58,077	56,701	1,375	183,914	233,054	194,942	37,307

2.2.2 Rates and Taxes

Audit Observation	Recommendation	Comments of the Accounting Officer
There was a balance of Rs.237, 614 for more than one year within the rates which should be receivable amounted to Rs.478, 683 as at 31 December of the year under review.	Actions should be taken to recover the arrears revenue.	Arrangements will be made to ban all these properties in future.

2.2.3 Court Fines and Stamp Fees

Audit Observation	Recommendation	Comments of the Accounting Officer
The court fines amounted to Rs.3, 258,518 and stamp fees amounted to Rs. 26,149,299 were in receivable as at 31 December 2018 from the Chief Secretary of the Provincial Council and Other Authorities.	Actions should be taken to recover the arrears of charges.	Comments had not been given.

3. Operating Review

3.1 Performance

The matters observed in respect of functions of the Sabha such as regulation, control and administration of all matters relating to public health, public utility services and public thoroughfares and generally with the protection and promotion of the comfort, convenience and welfare of the people had to be achieved are as follows.

(a) By-laws

Audit Observation	Recommendation	Comments of the Accounting Officer
Although the By-laws should be enacted to fulfill 30 main matters under Section 126 of the Pradeshiya Sabha Act, the By-laws had been enacted in respect of only one matter even by 31 December 2018 .	Actions should be taken to formulate the By-laws.	Actions will be taken in future.

(b) Not- achieving Desired Output Level

Audit Observation	Recommendation	Comments of the Accounting Officer
Even though the construction of Horombuwa Volleyball Stadium with an estimated value of Rs.1,000,000 should have been completed the related work within 03 months of the signing of the agreement on 03 April 2019, the work had not been commenced on 31 December 2018 .	Arrangements should be made to complete the task within the relevant time period as per the agreement.	Since the receiving of provisions made under Provincial Specific Provisions amounted to Rs.2,000,000 has become so uncertain by now , as it had been entered in to agreements subjected to incur from the Sabha Fund, it is ready to commence parts of those works.

(c) **Sustainable Development Goals**

Audit Observation	Recommendation	Comments of the Accounting Officer
Although the Sabha had identified 09 Sustainable Development Goals and Objectives for the Sustainable Development Agenda 2030, the relevant indicators had not been identified. Three projects had been implemented incurring a sum of Rs.20,092,631 to achieve the Sustainable Development Goals of the year under review.	Actions should be taken to achieve the Sustainable Development Goals.	Comments had not been given.

3.2 Management Inefficiencies

Audit Observation	Recommendation	Comments of the Accounting Officer
(a) Actions had not been taken to recover a sum of Rs.41,406,228 that had to be recovered for more than one year as at 31December 2018 .	Arrangements should be made to recover the balances receivable.	Comments had not been given
(b) Actions had not been taken to settle a sum of Rs.3,023,778 which had to be paid to the Pension Fund for more than 05 years .	Actions should be taken to settle the outstanding balance.	Comments had not been given

3.3 Human Resources Management

3.3.1 Staff Vacancies and Excesses

Audit Observation	Recommendation	Comments of the Accounting Officer
There were 5 vacancies in the secondary posts and excess of 15 primary posts in the approved cadre.	Actions should be taken to fill vacancies and regularize the excess employees.	The relevant institutions have been informed to fill the vacancies of secondary posts. An excess of 15 primary positions is

mentioned the positions that have been recruited and sent for approval under Circular No. 25/2014 but not yet approved.

3.4 Operational Inefficiencies

Audit Observation	Recommendation	Comments of the Accounting Officer
<p>The lessee had made constructions incurring a sum of Rs.225, 000 in No. 01 stall of the bus stand ground floor and the approval of the Sabha had not been obtained. According to the valuation report, as per the assessment reports the rent of the shop was Rs.8000 a monthly rent of Rs.6000 had been charged.</p>	<p>Actions should be taken to recover the assessed rent.</p>	<p>A request has been made to the Chief Valuer to include the assessment by the letter My No. 04/02/109/19 dated 2019.04.10.</p>

3.5 Transactions in Contentious Nature

Audit Observation	Recommendation	Comments of the Accounting Officer
<p>(a) Three Officers of Engineering Service had been appointed by the Chief Secretary's Office by the letter No. ၁/ဗြာဝဇ/3/1/2/1 dated 06 May 2008 as consultant engineers for service requirements of Local Authorities in the North Western Province. Despite it was not mentioned that even if an officer retires can receive such allowances, a sum of Rs.809,168 had been paid as a consultancy engineering allowance for one retired officer for the preparation of plans of the projects without entering in to any agreement in the year 2018 .</p>	<p>Arrangements should be made on the instructions of the Chief Secretary to take further actions.</p>	<p>The Chief Secretary had not issued any order to discontinue the services of retired engineers. Because of the officer deployed by us worked as the consultant engineer, it is mentioned that the his service was obtained continuously.</p>

(b) A sum of Rs.98,736 had been paid to an engineer whom was not named by the Chief Secretary's Office as Consultant Engineer for service requirements of the Local Authorities of North Western Province.

Arrangements should be made on the instructions of the Chief Secretary to take further actions.

Because that engineer is a qualified Chartered Engineer, it is stated that the arrangements were made to take the service on a Sabha decision.

3.6 Assets Management

3.6.1 Assets not Taken Over

Audit Observation

Arrangements had not been made to take over a cab belonging to the Office of Chief Secretary valued at Rs.458,163.

Recommendation

Actions should be taken on the instructions of the Chief Secretary.

Comments of the Accounting Officer

Comments had not been given.

3.7 Procurement

Contract Administration

Audit Observation

Even though practically inadequate one month period was given from 20 November 2017 for the construction of a two floors in 03 storied Katupotha Multi Purpose Building which was agreed at Rs.47,321,534 the construction work had not been completed even by 08 January 2019.

Recommendation

Actions should be taken on the instructions of the Chief Secretary.

Comments of the Accounting Officer

The provisions for this construction were provided by the Ministry of Town Planning and Water Supply. Because of the period of provisions made was year 2017, the agreement period was mentioned in less and it is accepted that it was impractical.