

**Weligama Pradeshiya Sabha
Matara District.**

1. Financial Statements

1.1 Presentation of Financial Statements

Although financial statements of 2019 had been presented for the audit on 28 February 2020. Auditor General's summary report of such financial statements and detailed management audit report have been sent to the Chairman on 09 June 2020 and 17 June 2020 respectively.

1.2 Qualified Opinion

It is my opinion that financial status of Pradeshiya Sabha of Weligama as at 31 December 2019 and financial performance thereof for the year ended by the same day are in compliance with generally accepted accounting principles and shown true and fair status by financial statements except the impact caused by matters described in the part of basis for the qualified opinion in this report.

1.3 Basis for the qualified opinion

(a) Accounting deficiencies

	Audit Observation	Recommendation	Comments	by
	-----	-----	Accounting Officer	-----
(i)	Rs.4,275,950 of Industries creditor which should be paid at the end of the year under review had been over accounted.	It should be accurately accounted.	It will be corrected through Journal.	
(ii)	Rs.852,446 of Industries debtor which should be paid at the end of the year under review had been less accounted.	It should be accurately accounted.	It will be corrected through Journal.	

(b) **Non - reconciled accounts**

Audit Observation	Recommendation	Comments	by Accounting Officer
----- Total difference was Rs.95,825 between balance of 04 account subjects of total Rs.4,821,816 which are included in financial statements and related documents and schedules thereto.	----- Actions should be taken to compare differences of balances concerned and correct accounts.	----- Corrective actions will be taken.	

1.4 Non - compliance

1.4.1 Non - compliance with rules, regulations and management decisions

Occasions of Non - compliance to rules, regulations and management decisions are as follows.

Reference to rules, regulations and management decisions	Non - compliance	Recommendation	Comments made by Accounting Officer
----- Pradeshya Sabha Rules of 1988 (Financial & Admin.)	-----	-----	-----
(i) Rules 204	No actions had been taken pertaining to deficiencies shown by board of survey.	Actions should be taken as per rules.	Actions will be taken to recover pertaining to deficiencies.
(ii) Rules 217	08 lands belonged to Sabha had not been included in the register of lands & buildings.	Actions should be taken as per rules.	Corrective actions will be taken in future.
(iii) Rules 218	No action had been taken to hold an annual survey on all lands and buildings belonged to Sabha.	Actions should be taken as per rules.	Survey on lands and buildings has already been commenced and about 60 per cent completed.

2. Financial Review

2.1 Financial Result

As per financial statements presented income exceeding recurrent expenditure in the year under review was Rs.88, 203,142 and in comparison to it income exceeding recurrent expenditure in the previous year was Rs.61, 505,655.

2.2 Income Administration

2.2.1 Estimated income, billed income, collected income and arrears of income

Information of estimated income, billed income, collected income and arrears of income pertaining to year under review and previous year are as follows.

Income source	2019				2018			
	Estimated income	Billed income	Collected income	Total arrears as at 31 st December	Estimated income	Billed income	Collected income	Total arrears as at 31 st December
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Rates & taxes	25,530,000	19,243,110	11,122,128	9,660,894	3,955,200	3,610,693	3,424,594	1,539,912
Rentals	3,698,000	2,749,988	2,807,592	1,295,296	3,735,600	3,245,491	2,654,143	1,352,900
Permit fees	10,655,500	2,556,450	2,679,121	1,680,329	5,667,500	11,112,302	10,809,302	1,803,000
Other income	120,589,200	116,637,093	30,911,101	269,862,720	60,655,000	78,512,849	33,411,971	184,136,728
Total	160,472,700	141,186,641	47,519,942	282,499,239	74,013,300	96,481,335	50,300,010	188,832,540

2.2.2 Rates and Taxes

Audit Observation	Recommendation	Comments by Accounting Officer
(a) Rates		
Initial arrears was Rs.1,356,560 and Rs.14,825,538 was to be recovered with Rs.13,468,978 being billings of the year. Since total recoveries was Rs.5, 474,344 arrears was Rs.9,351,194 at the end of the year.	Arrears of income should be recovered soon.	Future actions will be taken to recover arrears.
(b) Acreage tax		
Initial arrears was Rs.120,161 and Rs.130,439 was to be recovered with Rs.10,278 being billings of the year. Since total recoveries was Rs.4,329 arrears was Rs.126,110 at the end of the year. Recovery rate was lower as 03 per cent.	Arrears of income should be recovered soon.	Future actions will be taken to make a property survey, correctly identify properties and recover arrears.

2.2.3 Rentals

Audit Observation	Recommendation	Comments by Accounting Officer
There was an arrears of Rs.874,765 from 30 boutique rooms belonged to Sabha.	Arrears of rentals should be recovered soon.	Actions have already been taken to recover Rs.96,228 and future actions will be taken to recover balance of arrears.

2.2.4 Other income

Court fines and stamp fees

Audit Observation	Recommendation	Comments by Accounting Officer
Sum of Rs.15,828,590 being court fines and Rs.251,410,577 being stamp fee were to be received from Chief Secretary and other authorities of Provincial council as at 31 st December 2019.	Arrears of income has to be recovered soon.	Requests have been made to Chief Secretary and Governor.

2.2.5 Surcharge

Audit Observation	Recommendation	Comments by Accounting Officer
I had imposed 09 surcharges of Rs.7,495,624 against those responsible as per provisions of Pradeshiya Sabha Act.	Actions should be taken as per provisions of the Act.	As per the Act it is responsibility of Commissioner of Local Government to recover surcharges.

3. Operating Review

3.1 Performance evaluation

As per section 3 of Pradeshiya Sabha Act, the Sabha was expected to perform duties such as regularizing and control of public health, public utilities services and matters pertaining to wellbeing of people, convenience and welfare. Matters revealed pertaining to performance of such functions are as follows.

3.1.1 Activities beyond objectives

Audit Observation	Recommendation	Comments by Accounting Officer
Sum of Rs.4,360,000 received from office of Southern Provincial Commissioner of Local Govt. on 28 January 2010 for the purpose of constructing crematorium of Nidangala had been spent for recurrent expenditure.	Expenditure should be borne according to objectives concerned.	It has been spent as capital and recurrent expenditure of the institution.

3.1.2 Activities given up

Audit Observation	Recommendation	Comments by Accounting Officer
Crematorium of Nidangala had been built with Rs.3,020,000 from Rs.7,380,000 received from Solid Lords tar institution in the year 2007. But it had been given up with no expected result even by the end of the year under review.	Actions should be taken to fulfil activities given up.	Future actions will be taken to construct a maternity and child clinic center.

3.1.3 Delays in fulfilling activities

Audit Observation	Recommendation	Comments by Accounting Officer
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(i) Crematorium of Warakapitiya	Actions should be taken to complete the project within due period of time.	Future actions will be taken to construct a maternity and child clinic center.
(ii) Special economic center proposed to be built at Denipitiya.	Actions should be taken to complete the project within due period of time.	It will be proposed to prepare under budget proposal of 2020.
(iii) Construction of day/ night Volleyball playground.	Actions should be taken to complete the project within due period of time.	Actions will be taken in future to complete works.

3.1.4 Solid Waste Management

Audit Observation	Recommendation	Comments by Accounting Officer
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(a) Expenditure of Rs.11,607,740 had been borne in the year under review to fill soil to cover up garbage disposed into private lands due to non availability of systematic method for disposal of garbage.	Non degradable garbage should be recycled.	Quantity of 15 – 20 Mt. of garbage is daily collected and they have been disposed into abandoned coconut husk pits and lime stone pits and covered with soil.
(b) Although approval had been received subject to recommendations of Central Environment Authority for the Mangrove land of Garanduwa to for garbage disposal, final measures had not been taken.	Non degradable garbage should be recycled.	Future actions will be taken to produce composed using machines.

3.1.5 Sustainable development targets

Audit Observation	Recommendation	Comments by Counting Officer
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Sabha had not been prepared long term plans for upgrading life standard and health of people living in the Sabha area through global indexes aimed at sustainable development objectives and targets in agenda of 2030 for sustainable development.	Indexes should be identified to measure sustainable development objectives and targets and progress of achieving annual targets should be measured.	It has been prepared by the Sabha since the year 2019.

3.2 Management inefficiencies

Audit Observation	Recommendation	Comments by Accounting Officer
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Sum of Rs.12,500,000 was allocated from Sabha fund for the grant of housing aid for low incomes in the Sabha area and according to the project report prepared on 10 th June in the year under review disable persons and others who have no permanent houses were targeted beneficiaries. By 10 th December 2019 Rs.3,240,000 had been paid for 81 beneficiaries and in the sample audit inspection held on 10 th November 2019 it was observed the fact that housing aid had been given for 7 families who have permanent houses.	Criteria should be decided and targeted beneficiaries should be selected.	Methodology in selecting beneficiaries will be prepared with a few criteria used and method of giving marks in order to get this methodology cleared.

3.3 Human Resources Management

Audit Observation	Recommendation	Comments by Accounting Officer
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(a) Vacancies and excess of cadre		

No action had been taken to fill 14 vacancies existed in approved posts and regularize excess cadre of 22.	Actions should be taken to regularize excess cadre and fill vacancies.	Actions will be taken to fill vacancies of primary grade after being approved posts which

have been sent to Dept. of Local Govt. for approval to confirm under circular No. 29/2019.

(b) **Employees loan**

Actions had not been taken to recover arrears of loan balances amounted to Rs.310,542 from 05 employees as at the end of the year under review.	Arrears should be recovered.	Actions will be taken to recover from officers concerned.
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3.4 Operating inefficiencies

Audit Observation -----	Recommendation -----	Comments by Accounting Officer -----
(a) No action had been taken to recover collected sum of Rs.371,361 since the year 2006 from 23 boutique rooms of three trade complexes belonged to Sabha.	Actions should be taken soon to recover collected sum.	Actions will be taken to recover arrears.
(b) Agreements of 13 boutique rooms had not been updated once in 03 year while valuation rental of 17 boutique rooms had not been amended in 05 years as per circular No.SPC/5/6/General dated 27 December 2010 issued by Southern Provincial Commissioner of Local Govt.	Actions should be taken as per the circular.	Actions will be taken to obtain valued rental after renovation since trade complexes are in dilapidated state.
(c) Necessary actions had not been taken regarding 23 boutique owners who neglected to pay boutique rental more than one month as per section 3 of boutique rental agreement, unauthorized constructions of 11 boutique rooms as per section 4 and one boutique room at Mirissa market where non approved business was carried out as per section 22.	Actions should be taken as per the agreement.	Actions will be taken to make aware boutique owners to demolish unauthorized constructions.

3.5 Assets Management

3.5.1 Idle / under utilized assets

Audit Observation	Recommendation	Comments by Accounting Officer
06 vehicles and machineries which had been removed from running as per Assets and Management circular No.01/2018 dated 19 March 2018 issued by Secretary to the Treasury had not been disposed.	Actions should be taken to use for productive purposes or else to dispose.	Actions will be taken in future for disposal.

3.5.2 Non receipt of income due from assets

Audit Observation	Recommendation	Comments by Accounting Officer
No actions had been taken to let out coconut and king coconut harvest of 04 lands belonged to Sabha.	Sabha should take actions to let out Sabha property.	Tenders were invited in three occasions but no tenderer forwarded.

3.5.3 Non vested assets

Audit Observation	Recommendation	Comments by Accounting Officer
Actions had not been taken to take over lands of 10 burial grounds situated within Sabha area as per letter No. 04/05/09 dated 29 July 2019 issued by Southern Provincial Commissioner of Local Govt.	Actions should be taken as per the letter of instructions.	Actions will be taken in future to take over.

3.6 Contract control

Audit Observation	Recommendation	Comments by Accounting Officer
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(a) Although rate of Rs.17,228 per cubic meter introduced by Southern Provincial Road Dev. Authority in concreting in quality $\frac{3}{4}$ (1:2:4) grade 20 as per financial circular No.3/2014 dated 16 October 2014 issued by Southern Provincial Chief Secretary, excessive sum of Rs.135,276 had been paid due to use of rate of Rs. 19,155 per cubic meter CT- 08 of Southern Provincial Director of Buildings pertaining to 03 roads developed by Sabha funds in the year under review.	Actions should be taken as per circular.	For the period until first half of the year under review BSR prices were used for 1:2:4 (20) concrete and thereafter HSR prices are used.