

Galnewa Pradeshiya Sabha

Anuradhapura District

1. Financial Statements

1.1 Presentation of Financial Statements

Financial Statements for the year under review had been submitted to the Audit on 06 April 2015 while Financial Statements relating to the preceding year had been submitted on 09 June 2014. The Auditor General's Report relating to the year under review was issued to the Secretary of the Sabha on 11 August 2015.

1.2 Opinion

In my opinion, except for the effect of the matters described in paragraph 1.3 of this report, financial statements give a true and fair view of the financial position of the Galnewa Pradeshiya Sabha as at 31 December 2014 and its financial performance for the year then ended in accordance with Generally Accepted Accounting Principles.

1.3 Comments on Financial Statements

1.3.1 Accounting Deficiencies

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- (a) The value of 264 Galvanized Pipes amounting to Rs. 292,286 received from the Divi Neguma Development Department had not been shown in the financial statements for the year under review.

 - (b) Capital Grants of Rs. 43,284,800 and Capital Expenditure of Rs. 43,217,552 had not been shown in the financial statements for the year under review.

- (c) A sum of Rs.59,139 being the value of 300 books received to the Library during the year under review had not been accounted.

1.3.2 Lack of Evidence for Audit

Although a Debtors balance of Rs.1,479,966 and a Creditors balance of Rs.27,849,017 had been shown in the financial statements for the year under review, age analysis of those were not submitted to audit.

2. Financial and Operating Review

2.1 Financial Results

According to the Financial Statements presented, operational surplus of the Sabah for the year ended 31 December 2014 had been Rs. 972,385 as against the operational deficit amounted to Rs. 306,963 in the preceding year.

2.2 Revenue Administration

2.2.1 Estimated Revenue, Actual Revenue and Arrears of Revenue

Information as furnished by the Secretary relating to Estimated Revenue, Actual Revenue and Arrears of Revenue are shown below.

	Source of Revenue	Estimated	Actual	Cumulative Arrears as at 31 December
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		Rs.'000	Rs.' 000	Rs. '000
(i)	Rates and Taxes	1,886	1,494	632
(ii)	Lease Rent	1,835	1,568	442
(iii)	Licence Fees	901	835	111
(iv)	Other Revenue	1,627	454	1,173

2.2.2 Recovery of Publicity Advertisements Boards Charges

Although a Sabha decision had been taken to levy a charge for Publicity Advertisements Boards and had not been notified in the Gazette, Advertisements Boards Charges amounting to Rs.196,025 had been recovered during the year under review.

2.2.3 Garbage Tax

Action in terms of Section 159(2) of the Pradeshiya Sabha Act No. 15 of 1987 had not been taken to recover Garbage Tax in arrears amounting to Rs. 631,625 which was being brought forward during a long period.

2.2.4 Stalls Rent

Action had not been taken to recover Stalls Rent in Arrears amounting to Rs.226,100 due be recovered in terms of Section 159(1) of the Pradeshiya Sabha Act no. 15 of 1987.

2.2.5 Telecommunication Towers

Action in terms of provisions in the Extra Ordinary Gazette Notification No. 1597/08 dated 17 April 2009 of the Republic of Sri Lanka had not been taken with regard to 06 Telecommunication Transmission Towers established in the area of authority of the Sabha.

3. Operational Review

3.1 Idle and Underutilized Physical Assets

Equipment valued at Rs 1,016,469 and the Concrete Mixing Machine provided to the Sabha some years ago were getting decayed without being used.

3.2 Transactions not covered with Adequate Authority

Approval to be obtained of the Minister in Charge of the subject in terms of Section 132(a) of the Pradeshiya Sabha Act No.15 of 1987 had not been obtained for expenditure incurred totalling Rs.68,487 for private donations.

3.3 Operational Inefficiencies

- (a) The Tipper Vehicle and the Bowser and a Trailer received by the Sabha long ago had been running without being registered, contrary to Section 2(1) of the Motor Traffic Act (Chapter 203).
- (b) Works Retention Money and part payments totalling Rs.1,849,698 payable for the period from the year 2009 to the year 2013 had been withheld in the Sabha without being paid to the relevant contactors.
- (c) Proposals and recommendations in the Restructure of Local Government Circular No.09 dated 14 November 2006 had not been implemented with regard to the ownership of 24 Burial Grounds in extent of 28.7 acres valued RS.4,472,000 assigned to the Sabha by the Sri Lanka Mahaweli Authority.

3.4 Identified Losses

It had not been possible to recover the sum of Rs. 116,640 payable by the Lessee of the Galnewa Weekly Fair for the year 2001, due to failure in tracing the accused, although a case had been filed for defaulting payment of Rs.116,640 since the year 2005.

4. Systems and Controls

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Special attention of the Sabha is needed in the following areas of controls.

- (a.) Internal Control
- (b.) Internal Audit
- (c.) Accounting
- (d.) Revenue Administration
- (e.) Assets Management
- (f.) Human Resource Management