

**Rajanganaya Pradeshiya Sabha**

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**Anuradhapura District**  
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**1. Financial Statements**

**1.1 Presentation of Financial Statements**

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Financial Statements for the year under review had been submitted to the Audit on 21 April 2015 while Financial Statements relating to the preceding year had been submitted on 16 April 2014. The Auditor General's Report relating to the year under review was issued to the Chairman of the Sabha on 30 July 2015.

**1.2 Opinion**

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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 Rajanganaya Pradeshiya Sabha 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) Stocks relevant to 03 items totalling Rs. 705,981 shown as Stock in hand in the financial statements were not physically in the possession of the Sabha. Action had not been taken to make provisions in the account for this or to disclose that as a note to accounts.

(b) The Loan balance of Rs. 385,062 payable as at 31 December 2014 out of the loan obtained from the Local Loans and Development fund for construction of the Economic Centre had not been taken to financial statements.

- (c) Value of Machinery and Equipment taken to financial statements as at 31 December of the year under review had been more than the value shown in the schedule in a sum of Rs. 177,800.

### **1.3.2 Non reconciled Control Accounts**

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There was a difference of Rs. 94,859,737 between the balances of 06 items of accounts shown in the financial statements as at 31 December of the year under review and the balances in the relevant subsidiary registers.

### **1.3.3 Lack of Evidence for Audit**

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Documents confirming ownership / Fixed Assets Registers connected with 02 items of assets totalling Rs.13,280,648 had not been submitted to audit.

## **2. Financial Review**

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### **2.1 Financial Results**

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According to the Financial Statements presented, operational deficit of the Sabah for the year ended 31 December 2014 had been Rs.1,150,044 as compared with the corresponding operational deficit amounted to Rs.1,295,455 in the preceding year.

### **3. Operational Review**

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#### **3.1 Operational Inefficiencies**

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- (a) Although a sum of Rs. 99,785 had been spent through Decentralized Provisions by two Sabha Members for obtaining books for distribution among low income group children selected in the area any evidence with regard to the manner of distribution of school books and selection of beneficiaries were not furnished to audit.
- (b) Action had not been taken settle 2 items of accounts receivable totalling Rs.1,904,931 and 4 items of accounts payable totalling Rs.1,279,016.
- (c) Although Lease Rent of stalls should be get assessed by the Chief Valuer at least once in 05 years in terms of Circular No. NCP/LG/9/7/19(i) dated 14 August 1994 of the Commissioner of Local Government; stall rent had been recovered based on the assessment made 20 years ago.
- (d) Action had not been taken in terms of Financial Regulation 571(2) of the Republic of Sri Lanka to take to the Revenue unclaimed Deposits amounting to Rs. 1,406,701 which had elapsed more than 2 years.
- (e) A separate Fixed Assets Register had not been maintained for Computer Accessories and Software as per Treasury Circular No. IAI/2002/02 dated 28 November 2002.

### **3.2 Solid Waste Management**

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While the Sabha had not taken action with regard to drainage and scavenging within the area of authority of the Sabha, contrary to Sections 93 (a), (b), and (c) of the Pradeshiya Sabha Act No.15 of 1987, it was revealed that garbage collection and disposal in the three weekly fairs only are carried out by the Sabha.

### **4. Systems and Controls**

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Special attention is needed in the following areas of controls.

- (a.) Accounting
- (b.) Revenue Administration
- (c.) Assets Management
- (d.) Debtor and Creditors Control