

Rambewa Pradeshiya Sabha

Anuradhapura District

1. Financial Statements

1.1 Presentation of Financial Statements

Financial Statements for the year under review had been submitted to Audit on 10 July 2015 while Financial Statements relating to the preceding year had been submitted on 11 April 2014. The Auditor General's Report relating to the year under review was sent 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 Rambewa 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) Ledger Accounts had not been properly maintained.

 - (b) Revenue Receivable totalling Rs.1,451,538 had not been accounted in conformity with accrual basis.

 - (c) Four items of accounts totalling Rs.152,765 mentioned in the Trial Balance had not been included in the financial statements.

- (d) Office Building valued at Rs.5,100,000, Office Record Room valued at Rs.75,342 and New Canteen Building valued at Rs.1,800,000 had not been accounted during the year under review.
- (e) Two Lands and seven buildings shown in the schedule of assets had been omitted from the value of Lands and Buildings.
- (f) Four Vehicles totalling Rs.1,159,190 shown in the schedule of assets had been omitted from the value of Motor Vehicles and Carts brought forward in the year under review or purchases made during the year.

1.3.2 Non -reconciled Accounts

There was a difference of Rs.14,874,710 between the balances of 08 items of assets and liabilities included in the financial statements and the relevant balances shown the subsidiary books.

2. Financial and Operating Review

2.1 Financial Results

According to the Financial Statements presented, operational surplus of the Sabha for the year ended 31 December 2014 had been Rs.736,552 as against the operational deficit amounted to Rs. 1,496,155 in the preceding year.

2.2 Revenue Administration

2.2.1 Telephone Tower Charges

Although charges should be recovered based on the height of Telephone /Telecommunications Towers according to the Special Gazette Notification No.1597/8 dated 17 April 2009 of the Republic of Sri Lanka, action had not been taken accordingly with regard to 09 Telephone Transmission Towers erected in the area of authority of the Sabha.

2.2.2 Stamp Fees

Although action should be taken to identify the Stamp Fees Receivable and credit to the Pradeshiya Sabha in terms of provisions in Section 129(2)(b) of the Pradeshiya Sabha Act No.15 of 1987, any Stamp Fee Revenue had not been received to the Sabha relevant to the years 2011, 2012 and 2013.

2.2.3 Lease Rent

While action in terms of Section 159(1) of the Pradeshiya Sabha Act No. 15 of 1987 had not been taken to recover Lease Rent amounting to Rs.87,542 receivable to the Sabha; those balances were being brought forward since the year 2012.

3. Operational Review

3.1 Operational Inefficiencies

- (a) Although the monthly fuel limit approved for the Chairman's official vehicle according to the Extra Ordinary Gazette Notification No. 1528/21 dated 19 December 2007 is 400 liters, fuel amounting to Rs. 16,560 had been provided exceeding that approved limit.

- (b) A Register of Computer Accessories and Software had not been maintained in terms of Treasury Circular No. IAI//2002/02 dated 28 November 2002.
- (c) Any course of action had not been taken to recover dormant Staff Loans old more than 10 years amounting to Rs. 240,118.

4. Systems and Controls

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

- (a.) Accounting
- (b.) Revenue Administration
- (c.) Assets Management