

Rideemaliyadda Pradeshiya Sabha

Badulla District

1. Financial Statements

1.1 Presentation of Financial Statements

Financial Statements for the year under review had been submitted to the Audit on 31 March 2016 while Financial Statements relating to the preceding year had been submitted on 15 June 2015. The Auditor General's Report relating to the year under review was issued to the Secretary of the Sabha on 27 September 2016.

1.2 Opinion

In my opinion except for the effect on the matters described in paragraph 1.3 of this report, financial statements give a true and fair view of the financial position of the Rideemaliyadda Pradeshiya Sabha as at 31 December 2015 and its financial performance for the year then ended in accordance with generally accepted accounting principles.

1.1 Comments on Financial Statements

1.3.1 Accounting Policies

Cash Flow Statement for the year under review had not been presented.

1.3.2 Accounting Deficiencies

Following deficiencies are observed.

- (a) Fixed Assets valued at Rs. 619,950 as at the end of the year under review had not been accounted.
- (b) Courts Fines Revenue Receivable for the preceding year had been overstated by Rs. 353,322.
- (c) Stamp Fees Revenue Receivable for the preceding year had been overstated by Rs. 120,506.
- (d) Balance of General Deposits had been overstated by Rs. 1,630,318 in the financial statements for the year under review.
- (e) Balance of Sundry Creditors had been understated by Rs. 113,733 in the financial statements for the year under review.

- (f) Capital Grants Receipts had been understated by Rs. 1,517,341 in the financial statements for the year under review.
- (g) The total balances of gross assets did not reconcile with the total balances of gross claims and liabilities in the statement of financial position as at 31 December of the year under review in a sum of Rs. 4,009,842.
- (h) In copying the debit balance of the Accumulated Fund of the preceding year to the ledger for the year under review, a sum of Rs. 1,561,022 had been understated.
- (i) Debit balance of the Accumulated Fund as at 31 December of year under review had been under stated in a sum of Rs. 4,509,807 in the financial statements.

1.3.3 Non-reconciled Control Accounts

The total of differences observed between the balances relevant to 02 items of accounts valued at Rs. 8,095,960 shown in the financial statements and the balances shown in the subsidiary registers and records relevant to those had been Rs. 1,945,301.

1.3.4 Accounts Receivable and Payable

According to the financial statements presented value of Accounts Receivable as at 31 December of the year under review was Rs.8,729,000, while the value of Accounts Payable had been Rs. 8,849,511.

1.3.6 Non-compliance with Laws, Rules and Regulations

Instances of non-compliance with laws, rules, and regulations etc observed in audit are shown below.

Reference to laws, rules, regulations etc., -----	Non-compliance -----
(a) Financial Regulations of the Republic of Sri Lanka. -----	
(i) F.R.396 (d)	Action had not been taken with regard to 04 time lapsed cheques valued at Rs. 10,200.
(ii) F.R.571	Action had not been taken with regard to 02 time lapsed deposits valued at Rs. 25,868.
(b) Clause 1.6 in Chapter XXIV of the Establishments Code of the Republic of Sri Lanka	There were loan balances amounting to Rs.33,548 outstanding since a period from 5 to 27 years due from 09 employees left on transfers after serving in the Sabha.

2. Financial Review

2.1 Financial Results

According to the Financial Statements presented, excess of revenue over recurrent expenditure of the Sabha for the year ended 31 December 2015 amounted to Rs. 2,130,177 as compared with the corresponding excess of revenue over recurrent expenditure for the preceding year amounted to Rs. 1,356,498.

2.2 Revenue Administration

2.2.1 Courts Fines and Stamp Fees

Courts Fines amounting to Rs. 600,242 and Stamp Fees amounting to Rs. 849,302 were receivable from the Chief Secretary to the Provincial Council and other authorities as at 31 December 2015.

3. Operating Review

3.1 Operational Inefficiencies

Although 03 trade stalls had been taken over from the stall holders for repairs during September 2014, action had not been taken to repair those and provide to the stall holders even up to 05 August 2016.

3.2 Contracts Administration

(a) Advances amounting to Rs. 482,258 granted for constructions during the year 2014 had not been got settled.

(b) Wire Posts and barbed wire amounting to Rs. 194,700 purchased for construction of a fence around Pradeshiya Sabha burial grounds remained idle even as at 30 August 2016, due to failure in taking over lands or identification of boundaries.

3.3 Solid Waste Management

While a Solid Waste Management had not been carried out by the Sabha, garbage collected had been dumped in the Andaulpatha Fair Ground haphazardly.

4. Good Governance and Accountability

4.1 Budgetary Control

When estimated revenue and expenditure are compared with actual revenue and expenditure for the year under review, material variances were observed and therefore the Budget had not been made use of as an effective tool of management for control.

4.2 Annual Procurement Plan

Although an Annual Procurement Plan should be prepared and used by all institutions according to Clause 4.2 in Chapter 4 of the Government Procurement Guidelines 2006, the Sabha had not taken such action during the current year.

4.3 Implementation of Audit and Management Committees

Audit and Management Committees had not been established during the year under review.

5. Systems and Controls

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

- (a) Accounting
- (b) Revenue Administration
- (c) Assets Management
- (d) Vehicles Control
- (e) Stores Control
- (f) Contracts Control
- (g) Creditors Control