

Passara Pradeshiya Sabha

Badulla District

1. Financial Statements

1.1 Presentation of Financial Statements

Financial Statements for the year under review had been submitted to Audit on 24 March 2016 while Financial Statements relating to the preceding year had been submitted on 30 April 2015. The Auditor General's Report relating to the year under review was sent to the Secretary of the Sabha on 06 September 2016.

1.2 Opinion

In my opinion, financial statements give a true and fair view of the financial position of the Passara Pradeshiya Sabha as at 31 December 2015 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

Following deficiencies are observed.

- (a) Fixed Assets valued at Rs.2,544,600 had been removed from Fixed Assets without proper approval of the Sabha during the year under review.
- (b) The sum of Rs. 55,000 receivable for auctioning a cab vehicle belongs to the Sabha during the year under review had not been accounted.
- (c) Over provided Stamp Fees amounting to Rs. 304,106 for past years had not been adjusted to the Accumulated Fund during the year under review.
- (d) Value of 5 mobile booths amounting to Rs. 132,500 received to the Sabha under the provisions of the Ministry of Local Government and Provincial Councils had not been accounted.

1.3.2 Non-reconciled Control Accounts

A difference of Rs. 283,465 was observed between the balances in the Pension Creditors Account amounting to Rs. 81,561 shown in the financial statements and the balances shown in the subsidiary registers and records relevant to those.

1.3.3 Accounts Receivable and Payable

According to the financial statements submitted, the value of Accounts Receivable balances as at 31 December of the year under review was Rs. 25,840,009 and the value of Accounts Payable balances as at that date had been Rs. 19,935,250.

1.3.5 Lack of Evidence for Audit

Transactions amounting to Rs. 77,844,306 relevant to 04 items of accounts could not be Satisfactorily vouched in audit due to non-submission of detailed schedules.

1.3.6 Non-compliance with Laws, Rules and Regulations

Following instances of non-compliance with Laws, Rules, Regulations etc., were observed in audit.

Reference to Laws, Rules, Regulations etc.	Non-compliance
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(a) Pradeshiya Sabha Act No. 15 of 1987	

(i) Section 147	Action had not been taken to impose By-laws and recover charges from three wheeled vehicles registered in the area of authority of the Sabha.
(ii) Section 154(1)	One percent (1%) tax equivalent to sales value relevant to a land sold after blocking out in the area of authority of the Sabha had not been recovered to the Sabha from the seller.
(iii) Section 132(a) and (k)	Expenditure amounting to Rs. 70,640 had been incurred without obtaining the prior sanction of the Minister in Charge of the Subject.

Pradeshiya Sabha (Financial and
Administrative) Rules of 1988

(i) Rule 217

A Register in form P.S.46 had not been maintained with regard to all Lands and Buildings belong to the Sabha.

(ii) Rule 218

Lands and Buildings belong to the Sabha had not been got verified through a Board of Survey for the year 2015.

(b) Financial regulations of the Republic
of Sri Lanka

(i) Financial Regulation No. 189

Action had not been taken to recover the value of 03 cheques amounting to Rs. 72,212 received to the Sabha on account of rent of stalls and got dishonored.

(ii) Financial Regulation No. 371

Advances amounting to Rs.88,496 granted in 04 instances had not been settled as at 31 December of the year under review.

2. Financial Review

2.1 Financial Results

According to the Financial Statements presented, excess of revenue over recurrent expenditure of the Sabah for the year ended 31 December 2015 had been Rs. 11,803,722 as compared with the corresponding excess of revenue over recurrent expenditure according to financial statements for the preceding year as at 31 December amounted to Rs.2,609,095.

2.2 Revenue Administration

2.2.1 Performance in Revenue Collection

While the revenue in arrears as at 31 December 2015 receivable to the Pradeshiya Sabha Fund relevant to past years was Rs. 900,038, out of the revenue billed for the year under review a sum of Rs. 1,213,939 or 10% was in arrears as at that date.

2.2.2 Stalls Rent

While revenue of Stalls Rent to be received to the Sabha through tender system had been foregone due to failure in leasing out 05 stalls belong to the Sabha during the years 2014 and 2015, action too had not been taken up to 31 December 2015 to recover rent in arrears amounting to Rs. 275,000 relevant to those stalls.

2.2.3 Three Wheeled Vehicles Charges

Action had not been taken to recover revenue in arrears amounting to Rs. 1,075,450 due to be recovered as at 31 December 2015 from 306 three wheeled vehicles registered in the Pradeshiya Sabha.

2.2.4 Courts Fines and Stamp Fees

A sum of Rs. 4,556,181 on account of Courts Fines and a sum of Rs. 3,603,301 on account of Stamp Fees were due to recovered as at 31 December 2015 from the Chief Secretary to the Provincial Council and other authorities.

3. Operating Review

3.1 Management Inefficiencies

Action had not been taken to get the ownership transferred in writing with regard to the portion of land, Lot No. 38 in Plan 3221 allocated to the Sabha from the land, sold after blocking out in the area of authority of the Sabha.

3.2 Environmental Problems

Although the Sabha should act according to the objectives of the Sabha for recycling garbage in terms of the Environmental Act No 47 of 1980, garbage had been dumped in an opened area and due to that environmental influences cannot be ruled out.

4. Good Governance and Accountability

4.1 Budgetary Control

The Budget prepared for the year under review had not been made use of as an effective tool of management for revenue and expenditure control.

4.2 Annual Procurement Plan

An Annual Procurement Plan had not been prepared during the current year.

4.3 Internal Audit

An internal audit had not been carried out with regard to the Pradeshiya Sabha for the year 2015.

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) Creditors Control
- (e) Stores Control.