

Galnewa Pradeshiya Sabha

Anuradhapura District

1.1 Presentation of Financial Statements

Financial Statements for the year under review had been submitted to Audit on 23 March 2016 while Financial Statements relating to the preceding year had been submitted on 06 April 2015. The Auditor General's Report relating to the year under review was sent to the Secretary of the Sabha on 02 August 2016.

1.2 Qualified 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 2015 and its financial performance and cash flows for the year then ended.

1.3 Comments on Financial Statements

1.3.1 Accounting Deficiencies

Following matters are observed.

- (a) Curtains valued at Rs. 179,800 purchased for the Sabha office had not been accounted under fixed assets.
- (b) Backhoe Loader Machine valued at Rs.16,695,000 received from the Ministry of Local Government and Provincial Councils to the Sabha during the year under review had not been accounted.
- (c) Stamp fees Revenue amounting to Rs.65,150 relevant to the year 2012 identified during the year under review had not been accounted.

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 had been Rs.6,870,882 as compared with the corresponding excess of revenue over recurrent expenditure amounted to Rs. 972,385 in the preceding year.

2.2 Revenue Administration

2.2.1 Rates

Course of action in terms of Section 134 of the Pradeshiya Sabha Act No. 15 of 1987 had not been taken to notify developed regions in the area of authority of the Sabha, to enforce and recover Rates on the basis of annual value of immovable properties.

2.2.2 Lease Rent

- (a) While tendered Lease Money totaling Rs. 224,394 was outstanding to be recovered from 15 trading centers belongs to the Sabha as at the end of the year under review, the period of arrears of those had been 1 - 14 years.
- (b) Action had not been taken to recover arrears of stalls rent amounting to Rs. 149,700 as at the end of the year under review due from 16 lessees who had taken stalls on lease belong to the Sabha.

2.2.3 License Fees

Trade License Revenue amounting to Rs.110,575 was outstanding to be recovered from 522 Trading Centers in the area of authority of the Sabha as at the end of the year under review.

2.2.4 Court Fines

While action had not been taken to identify the amount of Court Fines in arrears outstanding to be recovered to the Sabha as at the end of the year under review, instead of taking action to recover Court Fines in arrears amounting to Rs.135,384 shown in the accounts, it had been written from accounts without any approval.

03 Operating Review

3.1 Management Inefficiencies

Following matters are observed.

- (a) While a total sum of Rs.9,621,878 was receivable for 79 Development Projects implemented during a period between 1 – 6 years by the Sabha, proper course of action had not been taken to recover that amount.

- (b) While a total sum of Rs.10,967,132 was payable for 132 Development Projects implemented during a period between 1 – 6 years by the Sabha, proper course of action had not been taken to settle that amount.
- (c) The Taffy Tractor valued at Rs. 1,663,890 belongs to the Sabha had been engaged in running during a long period without being registered under Section 2 (1) of the Motor Traffic Act Chapter 203).
- (d) A separate Register of Fixed Assets had not been maintained for Computer a Accessories and Software, in terms of Treasury Circular No. IAI/2002/02 dated 28 November 2002 of the Secretary to the Treasury.

3.2 **Assets Management**

Idle Assets

Twenty four Equipment and Concrete Mixing Machine valued at Rs. 1,028,640 belong to the Sabha had remained idle during the year under review too, due to non-use

4. **Systems and Controls**

Special attention is needed in the following areas of controls.

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