

**Kebithigollewa Pradeshiya Sabha**

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

**1.1 Presentation of Financial Statements**

Financial Statements for the year under review had been submitted to Audit on 24 May 2016 while Financial Statements relating to the preceding year had been submitted on 08 April 2015. The Auditor General's Report relating to the year under review was sent to the Secretary of the Sabha on 24 June 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 Kebithigollewa Pradeshiya Sabha 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) Value of 59 Burial Grounds in extent of 238.5 acres situated in the area of authority of the Sabha had not been computed and shown in the financial statements.
- (b) Lands and Building amounting to Rs. 23,311,116 belong to the Sabha had not been shown under Fixed Assets.
- (c) Value of 648 Galvanized Pipes amounting to Rs.717,428 provided to the Sabha by the Divineguma Department during November 2014 had not been shown under Fixed Assets.
- (d) Value of Buildings and Other Equipment totaling Rs.35,451,716 provided through the Pura Neguma Project had not been accounted as Fixed Asset in the financial statements.

## 2. **Financial Review**

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### 2.1 **Financial Results**

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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. 1,061,626 as compared with the corresponding excess of revenue over recurrent expenditure for the preceding year amounted to Rs.1,453,108.

### 2.2 **Revenue Administration**

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#### 2.2.1 **Court Fines and Stamp Fees**

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- (a) Steps had not been taken to recover Stamp Fees Revenue amounting to Rs. 500,000 as at 31 December 2015.
- (b) Action had not been taken to recover Courts Fines Revenue Receivable amounting to Rs. 450,145 for the period from the year 2010 to the year 2015 according to the Register of Court fines.

## 3. **Operating Review**

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### 3.1 **Management Inefficiencies**

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Following matters are observed.

- (a) Suitable action had not been taken with regard to 04 loans balance of Rs. 1,410,491 shown in the financial statements during a long period of which relevant payee parties not identified specifically.
- (b) Recommendations stated in proposal No. 02 of the Local Government Restructure Circular No.9, No. PL./07/01/53 dated 14 November 2006 of the Ministry of Local Government and Provincial Councils had not been implemented with regard to 59 burial grounds in extent of 96 acres situated in the area of authority of the Sabha.
- (c) Implementaion of a continuous roads maintenance scheme had not been followed by the Sabha.
- (d) A seperate Register of Fixed Asets had not been maintained with regard to computer asseories and software in terms of Circular No. IAI/2002/02 dated 28 November 2002 of the Secretry to the Treasury.

- (e) Old Office Building used by the Sabha had been provided to an outside party without a written agreement.

### 3.2 **Assets Management**

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#### **Idle Assets**

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- (a) While the Hand Tractor (Hero Fan) valued at Rs. 170,000 had been withdrawn from running without being able to run, any further action had not been taken with regard to that.
- (b) While Machines and Equipment valued at Rs. 640,000 had been provided to the Sabha by the North Central Province Chief Ministry during the year 2007 for promotion of rice flour associated bakery food products, action had not been taken by the Sabha even up to March 2016 to accomplish the expected objective from those machines.

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

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

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