

# Nochchiyagama Pradeshiya Sabha

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## Anuradhapura District

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### 1. Financial Statements

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#### 1.1 Presentation of Financial Statements

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Financial Statements for the year under review had been submitted to the Audit on 06 April 2016 while Financial Statements relating to the preceding year had been submitted on 23 April 2015. The Auditor General's Report relating to the year under review was issued to the Secretary of the Sabha on 31 August 2016.

#### 1.2 Qualified Opinion

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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 Nochchiyagama Pradeshiya Sabha at 31 December 2015 and its financial performance for the year then ended.

#### 1.3 Comments on Financial Statements

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##### 1.3.1 Accounting Deficiencies

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Following matters are observed.

- (a) Lease Money Payable amounting to Rs. 292,790 as at 31 December of the year under review had not been disclosed in the financial statements. Installments of Lease Money Payments amounting to Rs. 127,893 and Interest Payments amounting to Rs. 37,597 too had not been accounted.
- (b) The sum of Rs. 51,444 shown as outstanding from 05 places of Meat, Fish and Weekly Fair Trading Places for the period from the years 1992 to 1994 according to the Tender Revenue register had not been shown in the financial statements.
- (c) The total sum of Rs. 6,114,210 payable for the Office Equipment purchased during the year under review had not been shown as liabilities in the financial statements.
- (d) The value of curtains and carpets amounting to Rs. 124,550 purchased on credit basis during the year under review had not been accounted.

- (e) The value of work done for the second stage of improvements to Pradeshiya Sabha Building as at 31 December of the year under review and the liabilities payable amounting to Rs. 12,127,903 on account of that had not been accounted.
- (f) The values of the new Library Building and the Town Hall Building constructed in the Pradeshiya Sabha Land and the Kusumpura Garbage Recycling Center had not been shown as assets 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, operational surplus of the Sabah for the year ended 31 December 2015 had been Rs. .3,442,277 as against the operational deficit amounted to Rs. 551,007 in the preceding year.

### **2.2 Revenue Administration**

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#### **2.2.1 Arrears of Rates**

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While Arrears of Rates as at the end of the year under review was Rs.3,643,571, action in terms of Section 158 of the Pradeshiya Sabha Act No. 15 of 1987 had not been taken to recover the arrears.

#### **2.2.2 Telephone Transmission Tower Charges**

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Action had not been taken to recover charges amounting to Rs. .396,656 to be recovered from 04 Telephone Transmssion Towers erected in the are of authority of the Sabha.

#### **2.2.3 Arrears of Stalls Rent**

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While Arrears of Stalls Rent as at the end of the year under review was Rs. .5,349,850, action in terms of Section 159 of the Pradeshiya Sabha Act No. 15 of 1987 had not been taken to recover those arrears.

#### **2.2.4 Lease Rent**

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- (i) The Lessee selected for leasing the Lindawewa Sea Fish Board for a sum of Rs. 93,000 for the year under review had paid only a deposit of Rs. 31,000 without signing

agreement and had been carrying on the sea fish sale in another place without paying arrears money amounting to Rs. 62,000. Any course of action had not been taken by the Sabha to stop this un-authorized trade.

- (ii) Although a total sum of Rs. 877,015 was outstanding as arrears of lease money of Weakly Fair, Beef Stalls and Fish Stalls for the period from the year 1988 to 2013, action had not been taken by the Sabha to recover arrears in terms of the agreements. While 07 lessees from whom arrears money amounting to Rs. 662,092 was outstanding had not been blacklisted, instances of granting leases to two black listed lessees during subsequent periods were observed.

#### **2.2.5 Water Tax**

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While Water Tax Revenue in arrears as at 31 December of the year under review was Rs. 4,551,453, proper steps had not been taken for prompt recovery of those amounts.

#### **2.2.5 House Rent**

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While House rent in arrears as at 31 December of the year under review was Rs. 232,150, action in terms of Section 159 of the Pradeshiya Sabha Act No. 15 of 1987 had not been taken to recover those amounts.

### **3. Operational Review**

#### **3.1 Management Inefficiencies**

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Following matters are observed.

- (a) Two Tax Accounts balances totaling Rs. 245,817 collected by the Sabha and to be remitted to the Commissioner General of Inland Revenue had been shown in the financial statement without being settled since a period exceeding 03 years.
- (b) Eight Vehicles/Land Vehicles valued at Rs. 11,876,212 received to the Sabha during the period from the year 2007 to the year 2015 had been engaged in running without being registered in terms of Section 2(1) Motor Vehicle Ordinance (Chapter 203).
- (c) While Local Government Pension Contribution payable amounting to Rs. 908,422 as at 31 December of the year under review had not been settled, this had been an amount getting accumulated during a period exceeding 10 years.

- (d) While Water Purification Machine valued at Rs.376,500 fixed to the Pahala Halmillewa Water Straining Project had been removed and another Purification Machine had been fixed, it was revealed in audit that the value of that machine had been Rs. 283,500.

### 3.2 Contracts Administration

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Following matters are observed.

- (a) Fifty three development project proposals provided with provisions amounting to Rs. 9,891,470 for the year under review had not been implemented.
- (b) Eleven projects provided with provisions amounting to Rs. 50,000,000 under Pura Neguma Project for the year under review had not been implemented.
- (c) Two projects approved relevant to Provincial Criteria Based Development Program 2015 provided with provisions amounting to Rs. 5,000,000 for the year under review had not been implemented.
- (d) Out of the provision amounting to Rs. 990,000 made for the purchase of a Water Purification Machine for Thisara Community based Water Project, a sum of Rs. 970,000 had been paid as at as at 31 December 2015. However, the total cost incurred for the Project had been a fruitless expenditure due to lack of a Water Motor to get water from the drinking water well of the Project to the tank.

### 3.3 Solid Wastes Management

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- (a) A Garbage Recycling Building of size 45 x 105 feet had been constructed at an approximate expenditure of Rs. 5,816,818 under financial grants of the Ministry of Local Government. It had not been used for any purpose although 03 years had elapsed after completion of the building.
- (b) While a proper access road had not been made to reach the building, an estimate for nearly Rs. 10,000,000 to obtain electricity from National Power Grid and estimates for solar power cells in a range from Rs. 4,460,000 to 21,340,000 had been submitted. during the year 2015. However, further action had not been taken for that.
- (c) Action had not been taken to purchase equipment required to the Sabha for garbage recycling work.

### 3.4 **Assets Management**

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#### **Idle Assets**

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- (a) While 06 units of assets totaling Rs. 1,619,850 belong to the Saba had been idle since a period exceeding from 01 to 03 years, a cab vehicle in use of the Army returned back to the Sabha were getting decayed without a shed in the Sabha ground.
- (b) Road Roller Machine valued at Rs. 7,967,144 provided to Sabha from the Ministry of Local Government during the year 2015 had been kept idle, due to lack of a suitable vehicle for transport in the field, it had been used for only 144 machine hours as at 24 May 2016.

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

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Special attention is needed in the following areas of controls.

- (a) Accounting
- (b) Revenue Administration
- (c) Assets Management
- (d) Contracts Administration
- (e) Solid Wastes Management