

Rambewa Pradeshiya Sabha

Anuradhapura District

1. Financial Statements

1.1 Presentation of Financial Statements

Financial Statements for the year under review had been submitted to Audit on 31 March 2016 while Financial Statements relating to the preceding year had been submitted on 10 July 2015. The Auditor General's Report relating to the year under review was sent to the Secretary of the Sabha on 03 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 Rambewa 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) The value of vehicles amounting to Rs. 41,654,000 provided to the Sabha by the Ministry of Local Government and Provincial Councils during the year 2015 had not been accounted under Fixed Assets.
- (b) The value of Library Books amounting to Rs.167,125 purchased during the year 2015 had not been accounted under Fixed Assets.
- (c) The value of Equipment amounting to Rs. 417,806 purchased during the year 2015 had not been accounted under Fixed Assets.
- (d) New Office Building, Canteen Building and Pihimbiyagollewa Weekly Fair Building totaling Rs. 8,200,000 had not been accounted under Fixed Assets
- (e) Although Stamp Fees amounting to Rs. 543,300 due relevant to the years 2013 and 2014 had been identified during the year 2015, that value had not been included in the financial statements.

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.4,136,416 as compared with the corresponding excess of revenue over recurrent expenditure amounted to Rs. 736,552 in the preceding year.

2.2 Revenue Administration

2.2.1 Rates

Action had not been taken to recover Rates due amounting to Rs. 206,502 from 319 units liable for Rates according to the Rates Register of the Sabha, as at December 2015.

2.2.2 Lease Rent

Steps had not been taken by the Sabha to recover the sum of Rs. 1,294,033 being the amount defaulted in payment by the 04 lessees who had taken the lease of 04 trading places belong to the Sabha for the year under review.

2.2.3 Stamp Fees

Action had not been taken during the year under review as well, to recover Stamp Fees in arrears amounting to Rs. 543,300 identified for the years 2013 and 2014

3. Operating Review

3.1 management Inefficiencies

Following matters are observed.

- (a) While 17 balances of accounts totaling Rs. 25,500,790 were being brought forward continuously in the financial statements without being identified since the year 2013 or prior to that, action had not been taken to settle those.

- (b) Although a sum of Rs. 249,685 had been spent for obtaining materials for the construction of the fence in 100 Thulana, Rambewa Burilal Ground before getting the ownership transferred, material obtained had not been used for the relevant work.
- (c) Value of assets such as Rambewa Weekly Fair Land, Public Latrine Land in the Town and the Building had not been assessed and included in the financial statements.
- (d) A list of industries and business entities had not been prepared after carrying out a survey at the beginning of each year in terms of Rule 59 of the Pradeshiya Sabha (Administrative and Financial) Rules Series of 1988.
- (e) A separate Register of Fixed Assets had not been maintained relating to Computer Accessories and Software in terms of Treasury Circular No. IAI/2002/2 dated 28 November 2002.

3.2 Solid Wastes Management

A scheme for proper collection of wastes of business entities and residences in the area of authority of the Sabha and garbage management, had not been implemented by the Sabha.

3.3 Un-authorized Transactions

Permanent appointments had been given to 14 employees of the Sabha contrary to provisions in the Public Administration Circular No.2014/25 dated 14 November 2014 of the Secretary to the Ministry of Public Administration. On the orders of the Public Service Commission, the Secretary to the North Central Province Governor had informed to cancel those appointments immediately vide letter No. 3/1/(1)-5 Volume dated 30 November 2015. After that, those appointments had been abolished with effect from 01 April 2016. A totaled sum of Rs. 7,153,228 had been paid as salaries to them for the period from 01 April 2016 up to the date of abolishment.

3.3.2 Idle Assets

Three machinery and Equipemnt valued at Rs. 856,800 belong to the Sabha had been kept idle during a number of years due to non-use.

4. Systems and Controls

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

- (a) Accounting
- (b) Revenue Administration
- (c) Assets Management
- (d) Solid Waste Management