

Talawa 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 06 April 2016 while Financial Statements relating to the preceding year had been submitted on 01 April 2015. The Auditor General's Report relating to the year under review was sent to the Secretary of the Sabha on 31 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 Talawa 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) Although the balance of Stamp Fees in arrears as at 31 December 2015 according to the returns sent from the Provincial Department of Revenue was Rs. 2,510,840, that value had been shown as Rs. 1,500,000 in the financial statements. De to that, the balance of Stamp Fees Revenue in arrears for the year under review had been understated in a sum of Rs. 1,010,840.
- (b) Court Fines Revenue amounting to Rs. 490,417 relevant to September 2015 had not been included in the financial statements.
- (c) Action had not been taken to include the Values of Cab Vehicle No. LL – 7711, Tipper Vehicle No. LL – 6932 and Lorry Bowser No. L L – 7315 belong to the Sabha in the financial statements.
- (d) Value 04 Fixed Assets totaling Rs. 258,900 according to the Register of Fixed assets had not been included in the financial statements.

2. **Financial Review**

2.1 **Financial Results**

According to the Financial Statements, excess of revenue over the recurrent expenditure of the Sabah for the year ended 31 December 2015 had been Rs. 8,645,956 as compared with the corresponding excess of revenue over the recurrent expenditure amounted to Rs. 9,424,473 in the preceding year.

2.2 **Revenue Administration**

2.2.1 **Lease Rent**

While the accumulated stalls rent for 50 stalls belong to the Sabha as at 31 December 2015 amounted to Rs.2,847,335 due to non recoery of stalls rent recivable to the Sabha on the specified dates, action in terms of Section 159 (1) of the Pradeshiya Sabha Act No. 15 of 1987 had not been taken for the recovery of that amount.

2.2.2 **Stamp Fees**

- (a) Action had not been taken during the under view as well to recover Stamp Fees receivable amounting to Rs. 2,510,840 during the years 2009 to 2014.
- (b) Action had not been taken to compute Stamp Fees receivable relevnt to the year under review and include in the financial statements.

3. **Operating Review**

3.1 **Management Inefficiencies**

- (a) While action had not been taken to recruit staff for 11 vacant posts in the approved cadre of the Thalawa Pradeshiya Sabha, a sum of Rs. 4,568,485 had been paid out of the Sabha fund as non-reiumbursable salaries for engaging 22 employees in service, on casual and contract basis during the year under eview.
- (b) Payments totalling Rs. 712,923 had been made on 14 un-certified vouchers during the year under review.
- (c) When making payments of Rs. 286,290 in 5 instances for stores supplies, a certificate in terms of Rule 115 of the Pradeshiya Sabha (Financial and Adminitrative) Rule Series had not been given by the officer in- charge of stores

3.2 **Assets Management**

Idle Assets

Three vehicles valued at Rs. 4,278,696, Bakery Set and Solid Wastes Collection Center belong to the Sabha had remained idle without being utilized for any purpose for more than 05 years.

3.3 **Un-economic Transactions**

For preparation of project proposals for development of Tammannawewa as a Natural Garden and two sub-projects relevant to Pura Neguma Project, an outside person had been engaged and a sum of Rs.60,000 had been paid by the Sabha, without action being taken to get the service of a Technical Officer of the Sabha.

3.4 **Contracts Administration**

Seventeen Projects at an estimated value of Rs. 1,905,924 had been given up, due to lack of response from contractors and as the approval had been only in the final week of the month at the end of the year under review resulting loss of various facilities to be provided to the General Public in the area of authority of the Sabha.

3.3 **Project Delays**

Works of 03 Projects estimated at Rs. 1,039,500 and agreement signed during the year under review had not been commenced even up to May 2016.

04. **Systems and Controls**

Special attention is needed in the following areas of controls.

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