

Thirappane 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 07 April 2016 while Financial Statements relating to the preceding year had been submitted on 21 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 Thirappane 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 Court Fines Revenue relevant to the year under review, according to the report forwarded by the Provincial Revenue Department was Rs. 983,747, value accounted had been Rs.750,048, understating the revenue in a sum of Rs. 233,699.
- (b) Stamp Fees Revenue due to be recovered amounting to Rs. 679,990 relevant to the year 2014 under review according to information of the Land Registry had not been accounted.
- (c) Value of 1948 library books amounting to Rs. 428,146 in the Labunoruwa Public Library belongs to the Sabha had not been included in the financial statements.
- (d) Value of Office Equipment amounting to Rs. 364,750 purchased during the year under review had not been accounted under Fixed Assets in the financial statements.
- (e) Value of assets such as buildings, water supply, and security fence etc. totaling Rs. 5,572,026 constructed for the Pilisaru Project of the Sabha had not been shown in the financial statements.

1.3.2 Non-reconciled Control Accounts

While the value of total assets according to the statement of financial position as at 31 December 2015 was Rs. 70,686,864, total claims and liabilities had been Rs. 47,116,538 indicating non-reconciliation in a sum of Rs. 23,570,326 in the statement of financial position.

2. Financial Review

2.1 Financial Results

According to the Financial Statements presented, operational surplus of the Sabha for the year ended 31 December 2015 had been Rs.394,697 as compared with the corresponding operational surplus amounted to Rs. 336,098 in the preceding year.

2.2 Revenue Administration

2.2.1 Lease Rent

While Lease Money outstanding to be recovered from 21 Lessees who had taken stalls belong to Sabha on lease as at the end of the year under review amounted to Rs. 411,068 out of that a sum of Rs. 254,350 had been outstanding since a period prior to the year 2012. Steps had not been taken to recover that money in arrears.

2.2.2 Court Fines

While the sum of Rs. 456,466 outstanding to be recovered for the period from the year 2013 to 2015 had not been disclosed in the financial statements, steps had not been taken to recover that amount.

2.2.3 Stamp Fees

The Sabha had not taken action to recover Stamp Fees Revenue amounting to Rs. 1,058,890 due to be recovered at the end of the year under review according to the Stamp Fees Register.

2.2.4 Other Revenue

(a) Action had not been taken to recover Garbage Tax amounting to Rs. 357,220 due from 208 tax units at the end of the year under review.

(b) Although a sum of Rs.300,000 had been recovered from Ulagalla Resort as 1 percent tax to be recovered relevant to the year under review on the basis of the turnover of the hotels registered in the Sri Lanka Tourism Development Board, it was not possible to confirm the extent of percentage of that amount out of turnover, as audited income reports of that hotel had not been obtained.

03. Operating Revenue

3.1. Management Inefficiencies

Following matters are observed.

- (a) While a Tractor Vehicle received to the Sabha during the year 2011 had been running without being registered under the Department of Motor Traffic even up to June 2016, action had not been taken to obtain annual revenue licenses and insurance certificates for 05 vehicles belong to the Sabha.
- (b) Action had not been taken to identify the extent of land and get the ownership transferred properly relevant to 52 burial grounds situated in the area of authority of the Sabha and to disclose the relevant information with the financial statements.
- (c) Action had not been taken to remit stamp duties amounting to Rs. 375,660 recovered relevant to the year under review and past years to the Commissioner General of InInd Revenue.
- (d) Action in terms of Financial Regulation 571 had not been taken with regard to 16 Sundry Deposits totaling Rs. 333,572 that had elapsed a period of 2 years.

3.2 Assets Management

Idle Assets

While Rice Flour Production Machine Set valued at Rs. 568,500 had not been used for expected purposes and had been kept idle for number of years due to that, 03 Motor Cycles and a Tractor of which value had not been identified too had been kept idle during a number of years. Responsible parties had not taken suitable action with regard to those items.

3.3 Contracts Administration

Following matters are observed.

- (a) While expenditure amounting to Rs. 459,802 had been incurred for making the Puliyankulama Play Ground and construction of a stadium, it was observed at the physical inspection carried out on 07 June 2016 that the play ground is not used due to growth of wild plants and that the stadium too was not in usable condition as the construction works had not been completed.
- (b) While spreading gravel and compressing only had been done in the Concreting Project of the Galkulama 20 Houses Road to the extent of 1.5 kilo meter, balance work of the Project including concreting amounting to Rs. 674,762 of the estimate had not been

completed. Accordingly, expected objectives of the amount allocated for the Project had not been achieved.

- (c) While 14 Projects estimated for a value of Rs. 2,753,469 had been planned under Provincial Development Program 2015 (Provincial Criteria Development Grants), 5 Projects amounting to Rs. 1,086,639 had not been implemented. Another 6 Projects valued at Rs. 1,233,421 too had not been completed.

3.4 Solid Wastes Management .

It had been observed at the field inspection carried out by the officers of the Central Environmental Authority that a damaging situation to the environment and daily living activities of the villagers had arisen, due to failure in proper operation of the Solid Wastes Management Center constructed under provisions of the Central Environmental Authority having spent a sum of Rs. 5,572,026 during the year 2011.

4. Systems and Controls

Special attention is needed in the following areas of controls.

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