

Rideemaliyadda Pradeshiya Sabha  
Badulla District

**1. Financial Statement**  
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**1.1 Presentation of Financial Statements**  
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Financial Statements for the year 2016 had been submitted to the Audit on 29 March 2017 while the Financial Statements relating to the preceding year had been submitted on 31 March 2016. The Auditor General's report for the year 2016 was issued to the Secretary to the Sabha on 30 June 2017.

**1.2 Qualified Opinion**  
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In my opinion except for the effect on the matters described in paragraph 1.3 of this report, the financial statements give a true and fair view of the financial position of the Rideemaliyadda Pradeshiya Sabha as at 31 December 2016 and its financial performance for the year then ended in accordance with Generally Accepted Accounting Principles.

**1.3 Comments on Financial Statements.**  
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**1.3.1 Accounting Policies**  
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Accounting policy applied for the valuation and accounting of closing stocks had not been disclosed by the Sabha.

**1.3.2 Accounting Deficiencies**  
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The following deficiencies are observed.

- (a) Expenditure amounting to Rs.497,320 incurred during the year under review on repair of Cab No.252-6362 had not been accounted.
- (b) Receivable income on court fines for the year under review had been understated by Rs.451,667.
- (c) Stamp fees for the year under review had been overstated in the accounts by Rs.196,695.
- (d) Fixed Assets and Revenue Contributed to Capital Account for the year under review had been overstated by Rs.16,290.

**1.3.3 Un-reconciled Control Accounts**  
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Office equipment received from the Puraneguma Project had been overstated in the accounts by Rs.966,699.

**1.3.4 Accounts Receivable and Payable**  
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According to the financial statements presented the value of the accounts receivable as at 31 December of the year under review was Rs. 2,581,809, while the value of accounts payable was Rs. 13,140,599.

### 1.3.5 Lack of Evidence for Audit

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Two assets items aggregating Rs.27,495,630 could not be satisfactorily vouched in audit due to non-  
rendition of necessary information to the audit.

### 1.3.6 Non-compliance with Laws, Rules and Regulations

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Instances of non-compliance with Laws, Rules and Regulations etc. observed in audit are shown below.

#### Reference to Laws, Rules, Regulations etc

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#### Non-compliance

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| (a) Section 158 and 159 of the Pradeshiya Sabha Act, No. 15 of 1987  | Arrears rental for trade stalls and trade license fees amounting to Rs.281,790 and of Rs.13,100 respectively for the year under review had not been recovered. |
| (b) Rule No. 218 of Pradeshiya Sabha (Financial and Administration) Rules of 1988  | A Board of Survey on Land and Building had not been carried out in the year 2016.  |
| (c) Financial Regulations of the Government of the Democratic Socialist Republic of Sri Lanka.   |  |
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| (i) F. R 133   | Internal Audit had not been carried out.   |
| (ii) F.R 571   | Action had not been taken to clear 01 construction deposits of 13,428 which remained in had for more than 02 years.  |
| (d) Section 1.6 of Chapter XXIV of the Establishments Code of the Democratic Socialist Republic of Sri Lanka.  | Loan balance of Rs. 38,662 had not been recovered from 08 officers transferred out from the Sabha.   |
| (e) Circulars No. 09/2009 and 9/2009 (1) of the Ministry of Public Administration and the Circular No. 03/2016 of 23 September 2016 issued by the Chief Secretary to the Uva Province. | Time Machines had not been used with regard to 45 employees by the Sabha.  |

## **2. Financial Review**

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### **2.1 Financial Results**

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According to the financial statements presented, excess revenue over recurrent expenditure of the Sabha for the year ended 31 December 2016 amounted to Rs.4,020,808 while the excess revenue over recurrent expenditure for the preceding year amounted to Rs 2,129,421.

### **2.2 Revenue Administration**

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#### **2.2.1 Performance of Revenue Collection**

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The progress of arrears revenue collection as at 01 January 2016 was in the range from 54 per cent to 56 per cent.

#### **2.2.2 Courts Fines and Stamp Fees**

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The receivable amount from the Chief Secretary to the Provincial Council and other authorities as at 31 December 2016 was Rs.2,256,530.

## **3. Operating Review**

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### **3.1 Management Inefficiency**

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- (a) Arrears trade stalls rent of Rs.184,875 had not been recovered from 17 persons who carry out the business in the trade stalls belonging to the Pradesiha Sabha. Further, action had not been taken to renew the expired agreements of 12 business persons.
- (b) Service of a road employee had been obtained for performing the duties in the post of approved Ayurveda Pharmacist at the Arvada Hospital belonging to the Sabha.

### **3.2 Contracts Administration**

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#### **Maintenance of Makulemada Road from the point of Kuruvthna Playground**

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Under the Pradesiha Sabha Strengthening Program, a sum of Rs. 336,202 had been spent for spreading the gravel for the above road in 2016. Although an amount of Rs.191,200 was given to a private company for supply of 119 cubic meter of gravel to this road, the road works had been carried out by utilizing the mud obtain from a land near to the road side.

### **3.3 Solid Waste Management**

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The garbage collecting by the Sabha is dumped irregularly in the “Anja Ulpatha” cemetery land instead of implementing the solid waste management.

#### **4. Accountability and Good Governance**

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##### **4.1 Budgetary Control**

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Budget had not made use of a control tool in the management of revenue and expenditure of the year under review.

##### **4.2 Annual Procurement Plan**

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Annual Procurement Plan had not been implemented in the year under review.

#### **5. Systems and Controls**

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Special attention of the Sabha is needed in the following areas of systems and controls.

- (a) Assets Management
- (b) Accounting
- (c) Stores Administration
- (d) Contracts Administration
- (e) Control over Creditors