

Galenbindunawewa 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 20 April 2015 while Financial Statements relating to the preceding year had been submitted on 21 May 2014. The Auditor General's Report relating to the year under review was sent to the Secretary of the Sabha on 13 August 2015.

1.2 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 Galenbindunawewa Pradeshiya Sabha at 31 December 2014 and its financial performance for the year then ended in accordance with Generally Accepted Accounting Principles.

1.3 Comments on Financial Statements

1.3.1 Accounting Deficiencies

(a) Although the Courts Fines Revenue to be received to the Sabha relevant to the year under review was Rs. 512,587, it had been shown as Rs. Rs. 761,897. Due to that, Courts Fines Revenue for the year under review had been overstated in a sum of Rs. 249,310.

- (b) Stamp Fees Revenue to be received to the Sabha relevant to the year under review and years prior to that had not been identified and accounted.
- (c) Stock of Water Pipes valued at Rs. 3,452,403 purchased for a Water Project during the year 2012 had not been accounted as Stock in Hand.
- (d) A cash balance of Rs.2,000,966 in a bank current account belongs to the Sabha had been omitted in the accounts.
- (e) Although the Courts Fines Revenue outstanding to be received to the Sabha as at the end of the year under review was Rs. 511,776, it had not been disclosed in the accounts. A sum of Rs.777,119 remained to be received as at the end of the year 2012 had been improperly removed from the registers.
- (f) Agreement Security sum of Rs. 856,633 deposited for leasing out the weekly fair relevant to the year under review had not been adjusted to the revenue and therefore the surplus for the year under review had been understated to that extent, while the Deposits on account of Revenue had been overstated to that extent.
- (g) Although the Stalls and Boutiques Rent in arrears at the end of the year under review should be Rs. 623,690 it had been shown as Rs. 961,762 and therefore that balance had been overstated in a sum of Rs. 338,072.
- (h) Although the amount outstanding to be received to the Sabha under the Palath Neguma Development Program as at the end of the year under review was Rs.2,654,720, that value had been accounted as Rs. 9,2125,297. Due to that, the balance of the Work Debtors had been overstated in a sum of Rs. 6,470,577.
- (i) While 09 items of accounts totaling to a sum of Rs. 6,680,966 had been brought forward from the preceding year, those balances had not been specifically identified.

1.3.2 Non-reconciled Accounts

There was difference of Rs. 7,180,132 between balances 05 items of accounts included in the financial statements and the balances shown in the schedules submitted.

1.3.3 Lack of Evidence for Audit

Registers relevant to 03 items of Assets and Liabilities totalling Rs. 39,994,644 were not submitted to the audit.

2. Financial and Operating Review

2.1 Financial Results

According to the Financial Statements presented, operational deficit of the Sabha for the year ended 31 December 2014 had been Rs.2,923,387 as compared with the corresponding operational deficit amounted to Rs. 196,581 in the preceding year.

2.2 Revenue Administration

2.2.1 Rates

While the annual estimated Rates Revenue amounts to Rs. 860,679, the balances in arrears over a period of 04 years as at the end of the year under review had been Rs. 3,348,456.

2.2.2 Court Fines

Out of Court Fines amounting to Rs. 1,658,754 shown as receivable at the end of the year 2012 according to the Court Fines Register maintained by the Sabha, a sum of Rs.777,119 had been deleted from the registers during the year 2013, while the balance in arrears amounting to Rs. 511,776 at the end of the year under review too had not been taken to registers. Accordingly, a sum a balance of Courts Fines in arrears amounting to Rs.1,288,895 had been deleted from the books improperly.

2.2.3 Stamp Fees

While Stamp Fees to be received relevant to the years 2013 and 2014 had not been identified, although a sum of Rs 972,160 had been identified as Stamp fees Receivable for the years 2011 and 2012, that balance had not been disclosed in the accounts.

3. Operational Review

3.1 Operational Inefficiencies

-
- (a) The electricity bills relevant to the electricity connection provided to the Water Pump House of the Water Project operated by the Sabha had not been timely paid and therefore the total interest added by the Ceylon Electricity Board to the bills during the period from February of the year under review to January 2015 for 12 months had been Rs. 27,215.

 - (b) A register relating to Computer Accessories and Software had not been maintained in terms of Treasury Circular No. IAI/2002/02 dated 28 November 2002.

3.2 Idle and Under-utilized Assets

Vehicles and Equipment valued at Rs. 2,750,000 and a Vibrating Plate Compactor value of which not identified belong to the Sabha had remained idle throughout the year.

3.3 Abandoned Projects

Although a Community Water Project implemented having incurred cost amounting to Rs. 18,128,045 during the period from 2009 to 2012 by the Galenbindunawewa Divisional Secretary had been vested in the Sabha during the year under review, relevant assets had not been properly identified in vesting. While a sum of Rs. 903,000 had been recovered from the applicants in the area of authority to provide the water connections, it was observed that a sum of Rs. 631,935 too had been spent in 07 instances by the Sabha. However, it had not been possible to provide water due to defects in the water tank and the pipe system. This Project had been abandoned at present.

4. Systems and Controls

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

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