

## **Giribawa Pradeshiya Sabha**

### **Kurunegala District**

#### **1. Financial Statements**

##### **1.1. Presentation of Financial Statements**

Financial Statements for the year under review had been submitted to Audit on 26 March 2015 while Financial Statements relating to the preceding year had been submitted on 28 March 2014. The Auditor General's Report relating to the year under review was sent to the Secretary of the Sabha on 25 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 Giribawa Pradeshiya Sabha at 31 December 2014 and its financial performance for the year then ended in accordance with Public sector accounting Standard of Sri Lanka.

##### **1.3. Comments on Financial Statements**

###### **1.3.1. Unreconciled Differences**

Non-reconciliations in a sum of Rs.35,844 were observed between the accounts and relevant registers relating to 02 items of accounts under final balances as at the end of the year under review.

###### **1.3.2. Accounts Payable**

Value of Accounts Payable as at 31 December 2014 was Rs.64,714,391. Three Deposit balances of Rs.39,500 outstanding for more than two years were included in that.

###### **1.3.3. Lack of Evidence for Audit**

A detailed examination could not be made with regard to transactions totaling Rs.979,307 due to non-submission of required information to audit.

###### **1.3.4. Non-compliance with Laws, Rules, and Regulations etc.**

A survey had not been carried out with regard to Land and Buildings of the Sabha in terms of Rule No. 218 of the Pradeshiya Sabha (Financial and Administrative) Rules Series of 1988.

## **2. Financial Review**

### **2.1. Financial Results**

According to the Financial Statements presented, operational surplus of the Sabah for the year ended 31 December 2014 had been Rs.1,396,022 as against the operational deficit amounted to Rs.130,582 in the preceding year indicating an improvement of Rs.1,526,604 in the operational result. When Capital Grants of Rs.25,527,544 and Capital Expenditure of Rs.22,604,361 are adjusted to this operational result, financial result relevant to the year under review had become a surplus of Rs.4,319,205.

### **2.2. Analytical Financial Review**

Following matters are observed.

- (a) Out of the total Recurrent Revenue of Rs.26,386,733 relevant to the year under review, a sum of Rs. 21,042,779 as 80% was consisting revenue not falling under a nature generated in the Sabha such as Court Fines, Stamp Fees and Salary Reimbursements. Similarly, the entire Capital Revenue of Rs. 25,527,544 was consisting funds provided for development activities of the area of authority through other institutions from sources such as Gama Neguma and Maga Neguma.
- (b) Out of the total Recurrent Expenditure of Rs. 24,990,711 relevant to the year under review, a sum of Rs. 18,186,482 as 73% approximately was expenditure for Personnel Emoluments. Out of that, a sum of Rs. 16,777,427 as 92% approximately, had been provided by the Commissioner of Local Government as salary reimbursements. That value had been accounted under Other Revenue. Out of the Capital Expenditure of Rs. 22,604,361, a sum of Rs. 263,899 as 1% had been spent from the Sabha Fund, while the balance 99% amounting to Rs. 22,340,462 were development works performed out of the provisions of other institutions such as Gama Neguma and Maga Neguma.

## **2.3. Revenue Administration**

### **2.3.1. Lease Rent**

It had not been possible to lease out 03 meat stalls and 01 fish stall in the weekly fair at a total minimum bid of Rs.324,854 for the year 2014 under leasing out the properties belong to the Sabha.

## **3. Operating Review**

### **3.1. Management Inefficiencies**

Following observations are made.

- (a) While cases had been filed with regard to arrears of revenue totalling Rs. 117,882 relevant to leasing out assets by the Sabha, those cases were pending even as at the end of the year under review, due to lack of follow up action relating to those cases.
- (b) While fuel test of 11 vehicles belong to the Sabha had not been carried out, fuel test of one vehicle had been finally carried out prior to 02 years back. Similarly, action had not been taken to obtain revenue licenses and insurance covers after registration with regard to 04 vehicles belong to the Sabah.
- (c) Stone Blocks Project opened and operated during the year 2013 by the Sabha was not in operational condition.

### **3.2. Idle and Under-utilized Assets**

Following observations are made.

- (a) Eight assets valued at Rs. 1,266,033 shown under current assets in the financial statements were non-usable assets.
- (b) Although the Cab Vehicle bearing No. 252-6353 had been repaired in 05 instances having spent a sum of Rs. 1,049,750 during the year 2013, it was not in running condition at present.

### **3.3. Delayed Projects**

Forty one Projects planned to be implanted during the year under review at an estimated cost of Rs. 5,400,000 had not been implemented.

**4. Systems and Control**

Special attention of Sabha is drawn to under mentioned areas of systems and controls.

- a) Accounting
- b) Budgetary Control
- c) Revenue Administration
- d) Assets Management
- e) Contracts Administration