

**Kekirawa Pradeshiya Sabha**

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**Anuradhapura District**  
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**1. Financial Statements**

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**1.1 Presentation of Financial Statements**  
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Financial Statements for the year under review had been submitted to Audit on 31 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 20 July 2015.

**1.2 Opinion**

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In my opinion, financial statements give a true and fair view of the financial position of the Kekirawa Pradeshiya Sabha as 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**

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**Accounting Deficiencies**  
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- (a) The value of 648 Galvanized Pipes amounting to Rs. 717,428 received during the year under review from the Divi Neguma Development Department had not been accounted under assets.
  
- (b) The value of Library Books amounting to Rs. 224,310 purchased during the year under review had not been accounted under Fixed Assets.

- (c) A sum of Rs. 328,028 payable for Projects implemented out of the funds received under the Pradeshiya Sabha Strengthening Program during the year under review had been accounted twice under General Supplies Creditors and Sabha Funds Creditors. Due to that, Creditors and Deficit as well, had been overstated to that extent.

## 2. Financial and Operating Review

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### 2.1 Financial Results

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According to the Financial Statements presented, surplus of operations of the Shaba for the year ended 31 December 2014 amounted to Rs.9,712,359 as compared with the corresponding surplus of operations for the preceding year amounted to Rs.4,080,023.

### 2.2 Revenue Administration

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#### 2.2.1 Arrears of Revenue

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Were there were balances in arrears since a long period in the Arrears of Revenue totalling Rs. 3,174,272 as at the end of the year under review, adequate course of action had not been taken by the Sabha for recovery of these arrears. Details are shown below.

Items of Revenue	Amount in Arrears
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	Rs.'000
(i) Rates	1,995,917
(ii) Rent on the basis of Tenders (Meat Stalls and Fish Stalls)	532,065
(iii) Entertainment Tax	572,988
(iv) Trade Stalls and Boutiques	113,302
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	3,174,272
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## **2.2.2 Court Fine and Stamp Fees**

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- (a) Court Fines of Rs. 17,055,210 relevant to the year under review and fines of Rs.33,183,448 relevant to prior years remitted on behalf of the Sabha by the Kekirawa District / Magistrate Courts to the Provincial Revenue Commissioner had not been received to the Sabha up to now.
- (b) Stamp Fees relevant to the years 2012, 2013 and 2014 due to the Sabha had not been specifically identified.

## **3. Operational Review**

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### **3.1 Operational / Management Inefficiencies**

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- (a) Action had not been take to recover the balance of Rs1,255,333 remaining in arrears during a period ranging from 1 to 5 years included in the Work Debtors balance of Rs.42,439,566.
- (b) There was a payable balance of Rs.2,126,546 during a period ranging from 1 to 5 years included in the Work Creditors balance. There were balances which could be identified as Works Retention Money as well. Action had not been taken to settle and release retention money or take to revenue these Creditors balances.
- (c) The Sabha had failed to finalize the Projects approved relevant to the sum of Rs.2,000,000 received during the months of July and August of the year under review under the Pradeshiya Sabha Strengthening Project to the Sabha as at 31 December. Due to that, a sum of Rs. 1,143,489 out of that amount had been paid back during the year 2015.

### **3.2 Uneconomic Transactions**

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A sum of Rs.322,575 had been paid for the purchase of electrical accessories during the year under review. When the amount to be paid is computed on the basis of present prices, a sum of Rs.80,425 had been paid in excess.

### **3.3 Idle and Under-utilized Assets**

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Assets totalling to a value of Rs.2,690,329 belong to the Sabha had not been made use of during the year under review and due to that those had remained idle.

## **4. Systems and Controls**

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Special attention is needed in the following areas of controls.

- (a.) Accounting
- (b.) Revenue Administration
- (c.) Debtors and Creditors Control