

# Nuwaragam Palatha East 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 31 March 2015 while Financial Statements relating to the preceding year had been submitted on 11 April 2014. The Auditor General's Report relating to the year under review was sent to the Secretary of the Sabha on 11 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 Nuwaragam Palatha East 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

##### 1.3.1 Accounting Deficiencies

- (a) Value of 696 Galvanized Pipes amounting to Rs.770,571 provided to the Sabha during the year under review by the Divi Negma Department had not been shown in the financial statements.
- (b) Value of Lands included in the Register of Fixed Assets, but not included in the schedules of the financial statements was Rs.180,000.

### **1.3.2 Lack of Evidence for Audit**

Documents to confirm ownership / detailed schedules etc. Relevant to 06 Items of assets/ liabilities / revenue items totalling Rs.154,960,858 were not submitted to 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 2015 had been Rs.6,349,495 as compared with the corresponding operational deficit amounted to Rs.885,858 in the preceding year.

### **2.2 Revenue Administration**

#### **2.2.1 Stalls Rent**

While Stalls Rent in arrears as at the end of the year under review was Rs.148,700, action had not been taken to recover the Stall Rent in terms of Section 159 (1) of the Pradeshiya Sabha Act No. 15 Of 1987.

#### **2.2.2 Scavenging Charges**

Action had not been taken to recover Scavenging Charges amounting to Rs.600,000 which was being brought forward over a long period of time in terms of Section 159 (2) of the Pradeshiya Sabha Act No. 15 Of 1987.

### **2.2.3 Court Fines**

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Although action should be taken to identify , recover and credit to the Pradeshiya Sabha Fund all fines imposed by a Magistrate Court with regard to breach of provisions in written law as referred to in the first schedule to Section 129 (2) (a) of the Pradeshiya Sabha Act No. 15 Of 1987, action had not been taken accordingly to recover the court fines amounting to Rs.2,803,266.

## **3. Operational Review**

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### **3.1 Transaction not covered by adequate Authority**

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A totaled sum of Rs.4,861,930 relevant to 14 items had been written off from accounts during the year under review without proper approval.

### **3.2 Operational Inefficiencies**

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- (a) While 466 Galvanized Pipes valued at Rs. 515,928 out of 696 Galvanized Pipes provided to the Sabha during the year under review from the Divi Neguma Development Departmet had been misplaced, proper inquiries had not been commenced with regard to that.
  
- (b) Although a sum of Rs. 141,835,000 had been shown as value of Land and Buildings in the financial statements as at 31 December 2014, action had not been taken to vest the ownership of those lands in terms of provisions in the Local Government Restructure Circular No. 03.
  
- (c) Action had not been taken to implement proposals and recommendations in the Local Government Restructure Circular No. 09, bearing No. PL/07/01/53 dated 14 November 2006 of the of the Ministry of Local Government and Provincial

Councils with regard to the burial grounds situated in the area of authority of the Sabha as published in the Gazette Notification dated 06 October 1995.

**4. Systems and Controls**

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

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