

**Rideemalivedda Pradeshiya Sabha**  
**Badulla District**

**1. Financial Statements**

**1.1 Presentation of Financial Statements**

Financial Statements for the year under review had been submitted to the Audit on 15 June 2015 while Financial Statements relating to the preceding year had been submitted on 19 June 2014. The Auditor General's Report relating to the year under review was issued to the Secretary of the Sabha on 13 August 2015.

**1.2 Opinion**

In my opinion except for the effect on the matters described in paragraph 1.3 of this report, financial statements give a true and fair view of the financial position of the Rideemaliyadda 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 Sri Lanka Public Sector Accounting Standards**

When a particular asset has been acquired without exchange of a transaction, cost of that should be accounted at a reasonable value prevailed at the date of acquisition in terms of paragraph 25 of Sri Lanka Public Sector Accounting Standard 08. However, such action had not been taken with regard to 04 assets received to the Sabha.

**1.3.2 Accounting Deficiencies**

Following matters are observed.

- (a) Fixed Assets valued at Rs. 1,237,000 as at the end of the year under review had not been accounted. Due to that, the balances of the Fixed Assets Account and the Contribution from Revenue to Capital Outlay account had been understated by Rs.1,237,000.

- (b) Value of 10 % Retention Money amounting to Rs.357,503 for Works as at the end of the year under review had not been accounted.
- (c) Creditors and Provision for Debtors had not been provided relating to 25 Projects under the Programme of Door to Door, from Village to Village for which agreements had been entered into during the year under review. Due to that, Debtors and Creditors values had been understated by Rs. 7,468,250 in the financial statements as at 31 December.
- (d) Advances amounting to Rs. 293,936 relevant to 08 works performed during the year under review too were included in the Capital Grants in arrears amounting to Rs. 6,005,766 as at the end of the year under review.

### **1.3.3 Non-reconciled Control Accounts**

While the balance relevant to four items of accounts according to subsidiary registers was Rs.4,051,851, the balance according to the Statement of Financial position it had been Rs.3,087,511.

### **1.3.4 Accounts Receivable and Payable**

According to the financial statements presented value of Accounts Receivable as at 31 December of the year under review was Rs.9,067,500, while the value of Accounts Payable had been Rs. 8,601,084.

### **1.3.5 Lack of Evidence for Audit**

An item of account valued at Rs. 26,931,853 could not be satisfactorily vouched in audit due to non-rendition of Title Deeds and Transfer Orders.

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

The following instances of non-compliance with laws, rules and regulations were observed in audit.

**Reference to Laws, Rules,  
Regulations etc.**

**Non-compliance**

- |  |   |   |
|--|---|---|
| (a.) Pradeshiya Sabha Act No. 15 of 1987<br>Section 132 (k)                        | - | A sum of Rs. 171,057 had been spent for Pre-Schools in 07 instances without prior approval of the Minister in charge of the subject of Local Government.  |
| (b.) Pradeshiya Sabha (Finance and Administrative) Rules<br>Rule 14 and Clause 127 | - | While expenditure amounting to Rs.658,086 had been incurred in excess of provisions under 09 items of expenditure, approval of the Sabha had not been obtained having submitted a Supplementary Estimate. |
| (c.) Financial Regulations of the Republic of Sri Lanka                            |   |   |
| (i.) Financial Regulation 571  | - | Five Deposits valued at Rs.24,133 not claimed within 02 years from the date of deposit had not been cleared.  |
| (ii.) Financial Regulation 396 (d)   | - | In terms of Financial Regulations had not action been taken with regard to 06 cheques valued at Rs. 25,826 issued 06 months ago, but not presented for payments to the bank                               |
| (d.) Establishments Code of the Republic of Sri Lanka Clause 1.6 in Chapter xxiv   | - | Staff Loans amounting to Rs.50,128 remaining un-recovered since a period from 02 to 34 years due from 11 employees who were in service of the Sabha and left on transfers had not been recovered.         |

## **2. Financial Review**

### **2.1 Financial Results**

According to the Financial Statements presented, excess of revenue over recurrent expenditure of the Sabha for the year ended 31 December 2014 amounted to Rs. 1,356,498 as compared with the corresponding excess of revenue over recurrent expenditure for the preceding year amounted to Rs.1,291,192. Accordingly, a favorable variance of Rs. 65,306 was observed in the financial results.

### **2.2 Revenue Administration**

#### **2.2.1 Court Fines and Stamp Fees**

Court Fines amounting to Rs. 452,822 and Stamp Fees amounting to Rs. 759,106 were receivable from the Chief Secretary to the Provincial Council and other authorities as at 31 December 2014.

## **3. Operating Review**

### **3.1 Operating Inefficiencies**

#### **3.1.1 Contract Administration**

Agreements had not been signed even as at 31 December 2014 of the year under review relating to 07 Works approved under the Door to Door, from Village to Village Development of Rural Access Roads, Modernization of Rural Bridges and construction of new Bridges Programme of the Local Government Department, provided with money amounting to Rs. 1,016,045 for payment of advances.

#### **3.1.2 Idle Assets**

#### **3.1.3 Solid Waste Management**

While a Solid Waste Management is not in operation, garbage and waste collected from the area of authority of the Sabha were being dumped in the Andaulpatha Fair Ground haphazardly.

**4. Systems and Controls**

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

- (a.) Accounting
- (b.) Contract Administration