

Elahera Pradeshiya Sabah

Polonnaruwa District

1. Financial Statements

1.1 Presentation of Financial Statements

Financial Statements for the year under review had been submitted to Audit on 11 April 2016 while Financial Statements relating to the preceding year had been submitted on 29 April 2015. The Auditor General's Report relating to the year under review was sent to the Secretary of the Sabha on 11 August 2016.

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 Elahera Pradeshiya Sabha as at 31 December 2015, its financial performance for the year then ended and cash flows in accordance with Generally Accepted Accounting Principles.

1.3 Comments on Financial Statements

1.3.1 Accounting Policies

Accounting policy with regard to Capital Revenue and Expenditure for the year under review had not been disclosed in the financial statements.

1.3.2 Accounting Deficiencies

Value of Equipment amounting to Rs. 56,351 obtained on loan basis for Madudamana Water Project had been omitted in the financial statements.

1.3.3 Accounts Receivable and Payable

It was observed that the balances relevant to items of Sundry Creditors, Work Creditors, General Supply Creditors and Advances amounting to Rs. 5,307,819 as at 31 December 2015 were being carried forward during a period between periods of 1 – 5 years without settlement.

1.3.4 Non-compliances with Laws, Rules, Regulations etc.

Following instances of non-compliances with laws, rules and regulations were observed in audit.

Reference to Laws, Rules and Regulations etc.

Non-compliance

Pradeshya Sabha Act No. 15 of 1987 Section 132(k)

A sum of Rs. 1,345,926 had been spent for distribution of materials among various parties in the area of authority of the Sabha after allocation of Rs. 100,000 per Member as Decentralized Funds without approval of the Minister.

Sections 150(1), 152(1) and 153(1)

Lists of Industries, Trading Businesses, Professions and Lands not developed had not been prepared and submitted to the Secretary of the Sabha on or before 31 March of the year.

Pradeshya Sabha Financial and Administrative Rules of 1988 Rule 99

Payments had been made for 22 vouchers totaling Rs. 3,983,807 of which expenditure not certified.

Circular Letters
Circular No. NCP/LG/AC/4/1/2 dated 08 May 2015 of the Commissioner of Local Government

Although it had been instructed to limit the fuel to be used for the vehicle used by the Chairman to 10 liters per month with effect from May 2015, the Secretary had used 2,530 liters of fuel exceeding the limit for that vehicle.

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 under review ended 31 December 2015 amounted to Rs. 1,178,968 as compared with the corresponding excess of revenue over recurrent expenditure for the preceding year amounted to Rs. 437,239.

2.2 Revenue Administration

While out of Rates in arrears as at 31 December of the year under review amounting to Rs. 721,839, a sum of Rs. 253,848 was in arrears for a period between 1 and 5 years, and a sum of Rs. 365,232 was in arrears for more than 5 years. While out of Stalls Rent in arrears as at 31 December of the year under review amounting to Rs. 224,867, a sum of Rs. 109,350 was in arrears for a period between 1 and 3 years. Action had not been taken to recover all these amounts.

3 Operating Review

3.1 Mangement Inefficiencies

While a subject officer had not appointed for the duties of Rates subject during the period from 08 August 2014 to December 2015, Rates Register had been maintained by the Revenue Inspectors themselves involved in collection of Rates.

3.2 Project Delays

Although 21 Projects valued at Rs. 60,000,000 had been approved to be implemented under the National Program for Strengthening Pradeshiya Sabha during the year under review, out of those only one Project had been implemented. twenty projects valued at Rs. 50,000,000 had not been implemented.

3.3 Solid Waste Management

While a proper Solid Waste Management procedure had not been followed by the Sabha, it was observed that garbage and wastes getting accumulated in the area are dumped unsecured, in an area originating water resource in the forest reservation.

4. Good Governance and Accountability

4.1 Internal Audit

An Internal Audit Officer directly responsible had not been appointed to the Sabha in terms of Paragraph 6 the Circular No. 04/2015 dated 18 March 2015 of the North Central Province Commissioner of Local Government.

4.2 Implementation of Audit and Management Committees

Any Audit and Management Committee Meeting had not been conducted during the year under review.

4.3 Assets Management

Idle and Under-utilized Assets

- (i) While Computer Equipment belong to the Sabha, Equipment Set relevant to Rice Flour Processing Center, the Cab Vehicled bearing No. 53-5057 had been kept idle during a period between 2 and 5 years, action had not been taken for disposal of those.
- (ii)

- (iii) The building with 16 stalls and the Land at Diyabeduma, Dehiwatta valued at Rs.4,937,955, the Old Water Tank and the adjoining land at Bukammona, valued at Rs. 909,900 remained idle.

5. Systems and Controls

Special attention is needed in the following areas of controls.

- (a) Accounting
- (b) Internal Control
- (c) Revenue Administration
- (d) Assets Management
- (e) Solid Waste Management