

# Galenbindunawewa 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 11 April 2016 while Financial Statements relating to the preceding year had been submitted on 20 April 2015. Auditor General's Report relating to the year under review was sent to the Secretary of the Sabha on 03 August 2016.

#### 1.2 Qualified Opinion

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

#### 1.3 Comments on Financial Statements

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##### 1.3.1 Accounting Deficiencies

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Following matters are observed.

- (a) Although the Courts Fines Revenue to be received to the Sabha relevant to the year under review according to the Register of Court Fine was Rs. 1,327,740, it had been shown as Rs. Rs. 605,458 in the financial statement..
- (b) Stock of P.V.C. Water Pipes purchased for a sum of at Rs. 3,452,403 during the year 2013 had not been included in the value of Stock in Hand.

## **02. Financial Review**

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### **2.1 Financial Results**

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According to the Financial Statements presented, excess of revenue over recurrent expenditure of the Sabha for the year ended 31 December 2015 had been Rs. 169,196 as against the excess of recurrent expenditure over revenue amounted to Rs. 2,923,387 in the preceding year.

### **2.2 Revenue Administration**

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#### **2.2.1 Lease Rent**

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- (a) Galenbindunawewa Weekly Fair had been awarded for an annual rent of Rs. 2,215,600 for the year 2015, as per tender board decision dated 18 December 2014. Approval of the Minister in Charge of the Subject in terms of Section 182 of the Pradeshiya Sabha Act No. 15 of 1987 had not been obtained for write-off of Rs. 92,316 out of the Lease Rent, due to repair works of the weekly fair.
- (b) The powers vested in the Secretary in terms of Section 159 (1) of the Pradeshiya Sabha Act No. 15 of 1987 had not been enforced for the recovery of Stalls Rent in arrears amounting to Rs. 357,150.

#### **2.2.2 Stamp Fees**

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Stamp Fees in arrears relevant to the year under review and preceding year had not been identified and accounted.

## **3. Operating Review**

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### **3.1 Management Inefficiencies**

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- (a) When Deposits placed in respect of revenue amounting Rs. 1,748,108 at the end of the year under review are analyzed, the Sabha failed to furnish details of Depositors with regard to Deposit balances of Rs. 755,550.
- (b) The stock of P.V.C. Water Pipes valued at Rs. 3,452,403 purchased during the year 2013 out of Rs. 5 million allocated for Galenbindunawewa Urban Water Supply Scheme from the Deyata Kirula Project during the year 2012 had not been utilized for the Project and had been kept in the stores even up to April 2016.
- (c) Action had not been taken to get the ownership of the Sabha Land transferred in favor of the Sabha.

### **3.2. Contracts Control**

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- (a) Information such as details of the roads developed with 133 cubes of gravel purchased at an expenditure of Rs. 141,000 and the quantities of gravel spread were not furnished to audit.
- (b) Out of Administrative Expenses relevant to Projects implemented by the Sabha during the year 2014, a sum of Rs. 226,252 had been paid to 10 officers of the Sabha, contrary to the Treasury Circular No. 2009/09 dated 20 April 2009 of the North Central Provincial Secretary.

### **3.3 Assets Management**

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#### **3.3.1 Annual Board of Survey**

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Annual Board of Survey with regard to the properties of the Sabha had not been carried out relevant to a number of years in the past, in terms of Pradeshiya Sabha (Financial and Administrative) Rule 203 of 1989

#### **3.3.2 Idle Assets**

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- (a) A stock of P.V.C. Water Pipes costing Rs. 3,452,403 purchased for implementation of a water project during the year 2013 had remained idle in the Sabha Ground.
- (b) Two vehicles valued at Rs.1,572,000, two machineries valued at Rs. 1,325,000 and a cab vehicle value of which not mentioned belong to the Sabha remained idle without being used for relevant works during the year under review.

### **3.4. Contracts Administration**

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While construction of the Community Center of the Hurulu Nikawewa Division had been carried out by the Hurulu Nikawewa Farmers Association and a sum of Rs. 956,763 had been paid on 31 December 2015, at the physical inspection carried out on 26 April 2016 with regard to the construction it was observed that, plastered places had been burst, the openings of walls for fixing platforms had not been properly closed, in placing the top tiles those had not been permanently fixed with plasters, in fixing caps after making those had not been connected to the base sheets using 16mm screw nails, perlines had not been made and fitted with 10mm nails and anti-corrosive paint had not been applied properly.

**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
- (d) Contracts Control.