

Kahatagasdigiliya 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 29 March 2016 while Financial Statements relating to the preceding year had been submitted on 26 March 2015. The Auditor General's Report relating to the year under review was sent to the Secretary of the Sabha on 24 June 2016.

1.2 Qualified 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 Kahatagasdigiliya Pradeshiya Sabha as at 31 December 2015 and its financial performance and cash flows for the year then ended.

1.3 Comments on Financial Statements

1.3.1 Accounting Deficiencies

Value of 03 categories of assets totaling Rs. 299,851 according to the Register of Fixed Assets had not been shown under Fixed Assets in the financial statements.

2. Financial and Operating 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 2015 had been Rs.3,144,595 as compared with the corresponding excess of revenue over recurrent expenditure amounted to Rs. 410,808 in the preceding year.

2.2 Revenue Administration

2.2.1 Rates

Action had not been taken to recover Rates amounting to Rs. 159,170 and Rs. 246,468 relevant to the year under review and the preceding year respectively.

2.2.2 Lease Rent in Arrears

A proper procedure had not been implemented to recover Lease Rent in Arrears amounting to Rs. 592,618 outstanding since a period prior to 06 years.

2.2.3 License Fees

Action had not been taken to recover Annual cense Fees to be recovered from 05 Telecommunication Transmission Towers erected in the area of authority of the Sabha.

2.2.4 Stamp Fees Revenue

Action had not been taken to recover Stamp Fees Revenue amounting to Rs. 1,606,680 receivable to the Sabha relevant to the years 2013, 2014 and 2015.

3. Operating Review

3.1 Human Resources Management

While the approved cadre of the Sabha had been 46, cadre engaged was 52. In spite of an excess cadre of 06 employees over the approved cadre, 10 casual and substitute employees had been engaged in service during the year under review and salaries amounting to Rs. 1,793,975 had been paid. It was confirmed that these amounts will not be received back as salary reimbursements.

3.2 Performance Evaluation

An Action plan had not been prepared and activities of the Sabha had not been carried on according to that for the year under review.

3.3 Transactions not covered with Adequate Authority

While the Ex-Chairman and a Female Member had participated in two foreign tours contrary to the Cabinet decision dated 11 February 2015, a sum of Rs. 200,000 had been paid out of the Sabha Fund for that.

4. Systems and Controls

Special attention is needed in the following areas of controls.

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