

Kekirawa 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 15 March 2016 while Financial Statements relating to the preceding year had been submitted on 31 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 Kekirawa 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

Curtains valued at Rs. 884,500 purchased for the use of the Town Hall had not been accounted under Fixed Assets.

2. Financial Review

2.1 Financial Results

According to the Financial Statements presented, excess of revenue over recurrent expenditure of the Shaba for the year ended 31 December 2015 amounted to Rs. 22,904,154 as compared with the corresponding excess of revenue over recurrent expenditure for the preceding year amounted to Rs. 9,712,359.

2.2 **Revenue Administration**

2.2.1 **Rates**

The Secretary of the Sabha had reported on 29 April 2016 that, out of the Rates receivable amounting to Rs. 1,597,599 as at the end of the year under review, the amount remained to be recovered had become Rs. 394,003 by 31 March 2016 due to subsequent recoveries.

2.2.2 **Lease Rent**

While a Lease amount of Rs. 168,000 was due to be recovered as at 31 December 2015 from the Sea Fish Board No.01 given on lease for a sum of Rs. 313,000 for the year under review, action had not been taken to recover that arrears amount.

3. **Operating Review**

3.1 **Management Inefficiencies**

Following matters are observed.

- (a) When purchasing curtains amounting to Rs. 884,500 for the stage of the Sabha Town Hall, procurement procedure had not been followed.
- (b) Action had not been taken to ascertain the present value of 12 lands totaling 9.75 acres shown as Rs. 43,800 and disclose the actual value in the financial statements.
- (c) While a sum of Rs. 20,673,847 receivable for 100 development projects implemented since a period between 1 – 3 years had been included in the Work Debtors account, steps had not been taken to recover that amount.
- (d) While a sum of Rs. 21,730,544 payable for 120 development projects implemented since a period between 1 – 3 years had been included in the Work Creditors account, steps had not been taken to recover those amounts.
- (e) Eleven payment vouchers totaling Rs. 298,675 had been paid without being certified in terms of Financial Regulation 257.

3.2 **Uneconomic Transactions**

A sum of Rs. 309,750 had been spent for the purchase of 15 office bags at the rate of Rs. 20,650 per bag for the members during the year 2015. While necessity for the purchase of bags at a high value like this for office works was not revealed, only 14 bags had been distributed.

3.3 **Solid Wastes Management**

Although a very large quantity of garbage is being collected daily by the Kekirawa Pradeshiya Sabha, it was observed that a situation of environmental hazard is likely to be arisen, due to non-implementation a project for recycling wastes.

3.3 **Assets Management**

Idle Assets

Assets valued of Rs. 3,198,000 belong to the Sabha had not been made use of during the year under review and due to that those had remained idle.

4. **Systems and Controls**

Special attention is needed in the following areas of controls.

- (a) Accounting
- (b) Assets Management
- (c) Debtors and Creditors Control
- (d) Revenue Administration.