

Nuwaragam Palatha Central 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 31 March 2016 while Financial Statements relating to the preceding year had been submitted on 01 April 2015. The Auditor General's Report relating to the year under review was sent to the Chairman of the Sabha on 31 August 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 Nuwaragam Palatha Central Pradeshiya Sabha as at 31 December 2015 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 Accounting Deficiencies

Value of 300 Galvanized Pipes amounting to Rs. 324,143 provided to the Sabha by the Divineguma Department during November 2014 had not been shown under fixed Assets in the financial statements.

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 2015 had been Rs. 5,683,183 as compared with the corresponding excess of revenue over recurrent expenditure amounted to Rs. 2,719,342 in the preceding year.

2.2 Revenue Administration

2.2.1 Arrears of Stalls Rent

Action in terms of Section 159 (1) of the Pradeshiya Sabha Act No. 15 Of 1987 had not been taken to recover Stalls Rent in arrears amounting to Rs. 219,949 to be recovered to the Sabha during the year under review.

2.2.2 Stamp Fees

Action had not been taken to recover Stamp Fees in arrears amounting to Rs. 4,944,557 to as at the end of the year under review.

2.2.3 Court Fines

Action had not been taken to recover Court Fines Revenue in arrears amounting to Rs. 590,968 according to registers maintained by the Sabha.

2.2.4 Rates

Action in terms of Section 158 of the Pradeshiya Sabha Act No. 15 Of 1987 had not been taken to recover Rates in arrears amounting to Rs. 2,113,950 as at 31 December 2015.

2.2.5 Telecommunication Transmission Tower Fees

While 14 Telecommunication Transmission Towers had been erected in the area of authority of the Sabha as at the end of the year under review, action had not been taken to recover Annual Trade License Fees and Business Taxes for the companies to whom those posts belong.

3. Operating Review

3.1 Management Inefficiencies

Following matters are observed.

- (a) While out of Stamp Fees Revenue Receivable to the Sabha relevant to the years 2013 and 2014, a sum of Rs. 789,104 to the Anuradhapura Municipal Council and a sum of

Rs. 445,000 to the Nuwaragam Palatha pradeshiya Sbha – Esat had been paid by the Provincial Department of Revenue, action had not been taken to get back that Stamp Fees Revenue to the Sabha after getting confirmed the accuracy of registration books.

- (b) Necessary course of action had not been taken to recover staff loans totaling Rs. 189,180 which remained un-recoverd during a time range of 04 to 10 years, due from 12 officers who had retired, interdicted and left on trnsfers after serving the Sabha number of yeas ago.
- (c) Tractors and 07 Browsers valued at Rs. 2,800,000 received to the Sabha had been running since the year 2011 without being registered in terms of Section 2(i) of the Motor Vehicles Ordinance (Chapter 203) even up to 30 May 2016.
- (d) The Chairman and the Members had made foreign tours spending a sum of Rs. 300,000 out of the Sabha Fund, contravening the Cabinet decision dated 13 May 2015.
- (e) Recommendations stated in proposal No. 02 of the Local Government Restructure Circular No. P.L./07/01/53 dated 14 November 2006 of the Ministry of Local Government and Provincial Councils had not been implemented with regard to 33 burial grounds in extent of 96 acres situated in the area of authority of the Sabha.
- (f) While a priority list of road maintenance had not been prepared by the Sabha, action had not been taken by the Sabha to implemment recommendations stated in paragraph I No. 03 of the Local Government Restructure Circular No. P.L./07/01/53 dated 14 November 2006 of the Ministry of Local Government and Provincial Councils

3.2 Un-economic Transactions

Although a sum of Rs. 185,500 had been spent for making pits for disposl of garbage collected in the area of authority of the Sabha, it was observd that garbage are dropped into a jungle near the compost yard and burned, without using those pits.

3.3 Solid Waste Management

While the value of the compost yard constructed and completed during the year 2014 had not been identified by the Sabha, action had not been taken to maintain it at an operational level. Due to that; the expenditure incurred had been fruitless since a period more than a year.

3.4 Contracts Administration

- (a) While an agreement had been signed on 08 September 2015 for a sum of Rs. 481,910 for construction of the Athdathkalla, Pubudu Pre-school under the Up-liftment of 15,000

Villages from Door to Door to from Villags to Village Progam. Although a sum of Rs. 435,213 had been paid for this to the contractor by the Sabha, on 31 December 2015, action had not been taken to get transferred the land where this building is located.

- (b) Although it had been decided to construct a new bulding as there was no sufficient room faitilities to condudct the pre-school in the Hasthidantha Temple, only the store room had benn consructed as at April 2016. While expenditure incurred amounting to Rs. 433,663 up to now had been an idle expenditure as the land around the building is in a low level area likely go under water and was in un-usable condtion.
- (c) Five Works amounting to Rs.1,150,000 approved to be implemented by the Sabha under Provincial Criteria Based Development Grants New Works – 2015 Projects, had not been implemented by the Sabha. Due to that; those had been cancelled.

3.5 Assets Management

- (a) While three vehicles valued at Rs. 1,575,000 belong to the Sabha had been withdrawn from running without being able to run, any future action had not been taken in that connection.
- (b) While Machinery and Equipment valued at Rs. 3,883,280 given to the Sabha during the year 2014 had been kept idle for more than a year, those had not been used for earning revenue.
- (c) Garbage Sorting Machine valued at Rs. 334,132 to be used for Garbage Management Center provided to the Sabha by the Ministry of Provincial Councils and Regional Development during the year 2014 had been kept idle without being used.

4. Systems and Controls

Special attention of is needed in the following areas of controls.

- (a) Accounting
- (b) Revenue Administration
- (c) Contracts Administration
- (d) Assets Management
- (e) Solid Wastes Management