

## Nuwaragam Palatha East 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 24 March 2016 while Financial Statements relating to the preceding year had been submitted on 31 April 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

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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 the Nuwaragam Palatha East Pradeshiya Sabha as at 31 December 2015 and its financial performance cash flows for the year then ended.

##### 1.3 Comments on Financial Statements

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###### 1.3.1 Accounting Deficiencies

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Following matters are observed.

- (a) Value of 696 Galvanized Pipes amounting to Rs. 770,472 provided to the Sabha during the year 2014 by the Divi Negma Department had not been shown in the financial statements.
- (b) Value of the Tractor RD 2134 amounting to Rs. 1,050,000, shown in the Register of Fixed Assets had been included twice in the Register of Fixed Assets. Due to that, Fixed Assets had been overstated to that extent in the financial statements.
- (c) Value of the Tractor 49-9177 amounting to Rs. 638,000, shown in the Register of Fixed Assets had been shown as Rs. 65,000 in the financial statements. Due to that, Fixed Assets had been understated in a sum of Rs. 573,000.

## **2. 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. 6,387,028 as against the operational deficit amounted to Rs. .6,349,495 in the preceding year.

### **2.2 Revenue Administration**

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#### **2.2.1 Stamp Fees**

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Action had not been taken to recover Stamp Fees in arrears totaling Rs. 17,933,740 relevant to the years 2013, 2014 and 2015.

## **3. Operating Review**

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### **3.1 Management Inefficiencies**

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Following matters are observed.

- (a) While two Holiday Homes called “Thuruliya Sevena” and “Jayabima” are carried on by the Sabha, a net loss totaling Rs. 586,170 had been incurred in those Holiday Homes. That loss had been an expenditure burden to the Sabha Fund.
- (b) Out of the 696 Galvanized Flag Posts valued at Rs. 461,619 provided to the Sabha from the Divineguma Department during the year 2014, while 417 Flag Posts valued at Rs. 461,619 had been misplaced, inquiries had not been conducted in that connection.
- (c) A Register of Fixed Assets had not been maintained for computer machines, accessories and software in the possession of the Sabha as per Treasury Circular No. IAI/2002/02 dated 28 November 2002.
- (d) Necessary course of action had not been taken with regard to recovery of the total sum of Rs. 102,122 due from 21 officers who had died, retired, vacated service and left on transfers after serving the Sabha number of yeas in the past.

### **3.1 Transaction not covered by adequate Authority**

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While a decision had been taken to write-off value of assets totaling Rs.12, 020,989 called “Fictitious Assets existing since prior to the year 2009 “from accounts through journal entries, approval of the Minister in Charge of the Subject and the Commissioner of Local Government had not been obtained for that.

**4. Systems and Controls**

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Special attention is needed in the following areas of controls.

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